

Annual Report 2007

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This is a print-out of the contents of the Vaisala 2007 Annual Report.
To view the online report please go to: www.vaisala.com/annualreport

Year 2007

The year 2007 saw major changes initiated at Vaisala. The company's Management Group was reinforced through *several new appointments*, and the corporate strategy was revised in response to the signals received from customers. In line with its new growth strategy, Vaisala is *expanding its business scope* from measurement devices and systems to also cover services and solutions. In particular, the company will focus on developing its sales activities, increasing its market coverage and creating new products for the service and solution business. For the most part, the organizational adjustments prompted by the strategy revision took effect at the beginning of 2008.

Construction of a new enterprise resource planning (ERP) system for the entire organization commenced at the beginning of 2007. Once completed, the ERP system will replace a number of existing systems and will support Vaisala's business processes. The new system will be introduced during the first half of 2009.

Vaisala continued active research and development. Among the more recent results is the weather radar that was launched last fall and has been very well-received by customers.

Vaisala has been able to maintain its strong market position in an increasingly tough competitive environment. Vaisala's goal is to maintain its global market leadership in its selected business areas.



CEO's review

Year of renewal

2007 was another year of steady progress for Vaisala. Group net sales grew by 1.5% compared to 2006. However, the result was somewhat below our expectations. This was due to some postponed deliveries, which we will cash in early 2008, weakened USD and the internal development projects initiated to support growth. At constant currencies, Vaisala's sales would have been up 5.8% year on year.

Compared to the previous year, net sales grew most in Asia-Pacific (15.2%) and Europe but decreased in other regions. In North America, one of Vaisala's main markets, the decrease of 7.4% was mostly due to the weakened USD. At constant currency, sales in North America would have grown by 1.3%.

We were able to improve our efficiency by outsourcing parts of the wind profiler and thunderstorm detection activities, optimizing our sourcing and utilizing common platforms in research and development.

Strong market position

We were able to maintain our strong market position and hence there were no changes in Vaisala's market shares. The best performing businesses were Vaisala Instruments and Vaisala Solutions, whereas Vaisala Measurement Systems fell below targets.

Highlights of the year include the launch and first orders of the Vaisala weather radar. The radar complements our remote sensing product offering. It was developed in cooperation with leading international research institutions and partners and it enables more precise information on the quantity and quality of precipitation due to its dual-polarization technology.



Going forward with a new strategy

Internally, year 2007 was marked by renewal in Vaisala. We defined a new vision, mission and strategy for the company. The new strategy can be characterized by one word: growth. We aim to grow both organically and through selected acquisitions. Just as importantly, we will tune ourselves even more closely with our customers: the customer view will be built into every aspect of our business, from comprehensive services and solutions to industrial measurement.

Starting in 2008, Vaisala will be organized around four business areas: Vaisala Services, Solutions, Measurement Systems and Instruments. We want to be at the forefront and drive the global development of the environmental measurement industry for the benefit of our customers.

Market outlook

Going forward, Vaisala expects that its sales and profit in 2008 will remain flat or improve slightly. The world economy and development of currency rates are anticipated to have an impact on Vaisala also next year.

The ongoing active discussion all around the world about global warming and climate change has brought the measurement of the environmental phenomena today into a sharper focus than ever before. I believe that Vaisala, as the global leader in this field, is in a key position to provide observations for a better world.

Thank you

A warm thank you to all Vaisala personnel for your hard work and commitment to our common goals. I would also like to thank our customers and partners for your trust in Vaisala - we constantly strive to improve our capabilities to cater for your needs even better.

CEO's webcast

Watch CEO Kjell Forsén's webcast interview where he analyzes Vaisala's year 2007 and talks about the company's plans for the future.

[*Watch the webcast*](#)



Main events in 2007

Changes in Vaisala's Management

Matti Ervasti, born in 1955, M.Sc. (Chem.), was appointed Sales and Marketing Director as from May 15, 2007; Ari Meskanen, born in 1963, M.Sc. (Eng.), eMBA, was appointed Chief Technology Officer as from May 1, 2007; Scott Sternberg, born in 1964, M.Sc. (Phys.), was appointed Director of Vaisala Services as from June 1, 2007; Antti Ritvos, born in 1953, M.Sc. (Eng. Tech Physics), BA (Physics and Astronomy) was appointed Director of Vaisala Solutions as from November 15, 2007; Lauri Rintanen, born in 1955, M.Sc. (Eng.) was appointed Director of Operations as from November 1, 2007; Tapio Engström, born in 1963, M.Sc. (Accounting), was appointed Director of Business Development as from November 1, 2007; and Helena Marjaranta, born in 1963, M.A. (English philology, Communication and Organizational Psychology) was appointed Communications Director as from December 1, 2007.



Vaisala seeks growth from service and solutions business

Vaisala responds to the growing demand for services and solutions by streamlining its operations and simplifying its organization. All current service operations will be centralized under a new Vaisala Services division. Vaisala Solutions division will focus more clearly on comprehensive solutions. Vaisala assembly, production, procurement and deliveries will be centralized under a new Operations unit. [Read more >>](#)

Vaisala received its first weather radar orders

Vaisala received its first weather radar orders. The orders include a total of five dual-polarization radars, which carry Sigmet signal processors and application software. When fully realized, the total value of the radar orders is approximately EUR 4 million. Deliveries will be carried out between November 2007 and June 2008. [Read more >>](#)

Vaisala to supply synoptic upper-air observation network to Canada

Vaisala won a contract with the Meteorological Service Canada (PWGSC) for the modernization of Canada's synoptic upper-air observation network. The contract term is ten years, and estimated value 27 million USD. The contract covers 35 sounding systems and corresponding services as well as radiosonde supply for ten years. It also includes options for further deliveries and support services. The deliveries start in October 2007. [Read more >>](#)

Vaisala signed a contract for the long-term supply of automatic weather stations

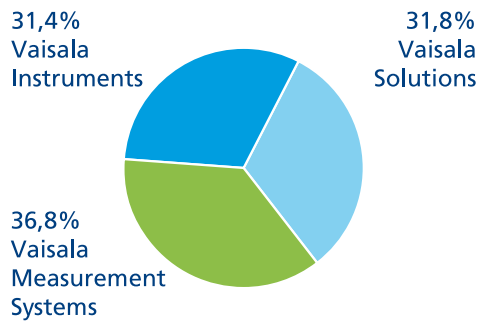
Vaisala has signed a contract with a long-standing customer for fixed base automatic weather stations for aviation operations use. The contract covers the supply of automatic weather stations and support services, and can be extended to the end of the year 2012. The estimated value of the contract is over 10 million USD. [Read more >>](#)

Vaisala rationalize its North American operations

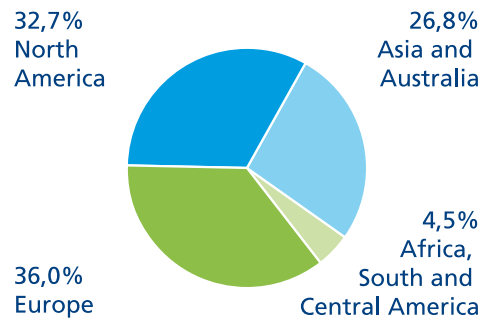
Vaisala outsourced some of the Measurement Systems' production and reorganized its North American research and product development operations. The financial effects of this outsourcing are estimated to improve the division's annual profit by some EUR 2 million beginning from the 2008 financial year. As part of these measures, Vaisala had to let 14 persons go in the USA. Due to this measure, an expense of EUR 0.3 million has been recognized in the 2007 financial statements. [Read more >>](#)

Key figures

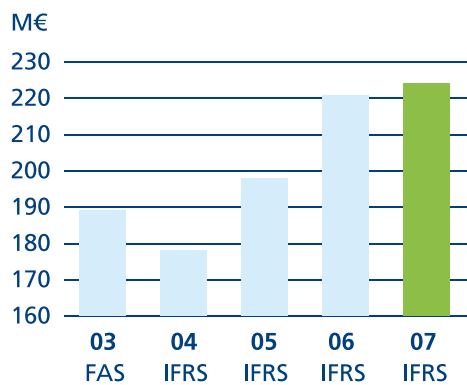
Net sales by division



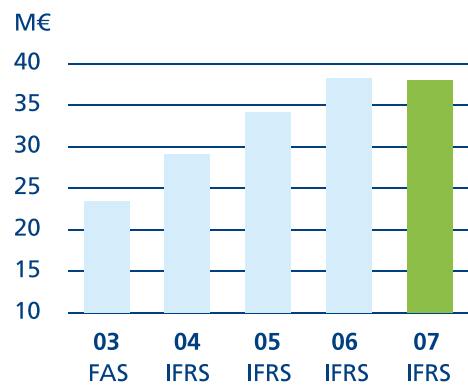
Net sales by market



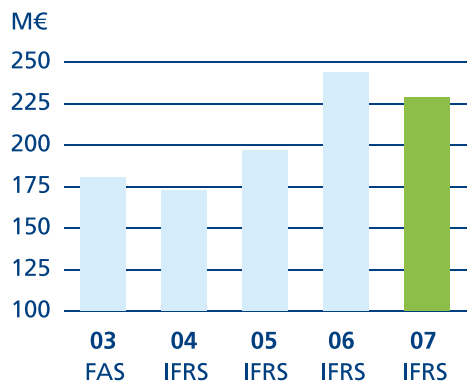
Development of net sales



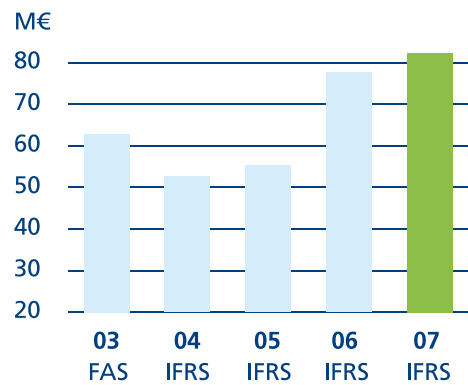
Profit before tax



Orders received



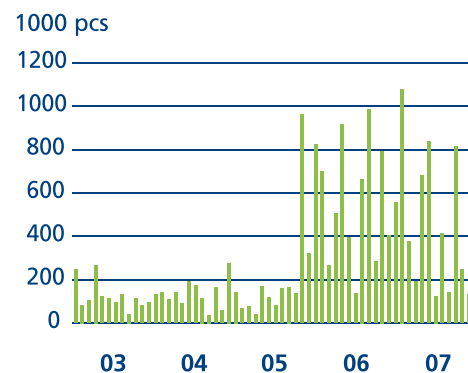
Order book, Dec.31



Series A share, performance



Series A share, monthly trading



Shareholder information

Annual General Meeting

Vaisala Oyj's Annual General Meeting will be held on Thursday March 27, 2008, at 6 p.m. at the company's head office, Vanha Nurmijärventie 21, 01670 Vantaa.

Agenda of the Annual General Meeting

Items specified in Article 13 of the Articles of Association.

Right of attendance

Shareholders who are registered in the company's share register maintained by the Finnish Central Securities Depository Ltd by 17 March 2008 may attend the Annual General Meeting. Shareholders whose shares have not been transferred to the book-entry securities system may also attend the Annual General Meeting provided that such shareholders were registered in the company's share register before 21 October 1994. In such cases, shareholders must present evidence that their shareholding rights have not been transferred to the book-entry securities system.

Documentation

Documents relating to financial statements and the Board's proposals to the Annual General Meeting are available as copies for the shareholders to see at the company's head office in Vantaa, Vanha Nurmijärventie 21, for a week before the Annual General Meeting. On request, copies will be sent to shareholders.

Notice of attendance

Shareholders wishing to attend the Annual General Meeting must notify the company no later than 4 p.m. on Tuesday 18 March 2008. Notification can be made either by letter addressed to Vaisala Oyj, Nina Andersin, P.O.Box 26, FIN-00421 Helsinki, Finland, by telefax to +358 9 8949 2206, by e-mail at nina.andersin@vaisala.com, or by telephone on weekdays between 9 to 11 a.m., tel. +358 9 8949 2201.

Letter authorizing a proxy to vote on behalf of a shareholder should be sent to the company before expiry of the notification.

Distribution of profit and remuneration to the members of the Board

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 0.85 per share for 2007. The dividend will be paid to shareholders registered in the Register of Shareholders held by the Finnish Central Securities Depository Ltd on the record date April 1, 2008. The Board proposes that the dividend be paid on April 8, 2008. The Board proposes to the Annual General Meeting that the remuneration payable to the members of the Board of Directors to be elected at the Annual General Meeting for the term until the close of the Annual General Meeting in 2009 be as follows: EUR 35.000 for the Chairman and EUR 25.000 for each member.

Election of the members of the Board of Directors and auditors

Board members Mikko Niinivaara and Raimo Voipio are in turn to retire by rotation. Shareholders representing more than 10 percent of all the votes in the company have informed that they will propose to the Annual General Meeting held on 27 March 2008 the re-election of Mikko Niinivaara and Raimo Voipio. The Board proposes PricewaterhouseCoopers Oy and Mr Hannu Pellinen APA, to be selected as Vaisala Oyj's Authorized Public Accountants. The proposed members of the Board of Directors and the Authorized Public Accountants have given their consent for the election.

Vantaa February 13, 2008

Vaisala Oyj
Board of Directors

Payment of dividend

According to the financial statements as per December 31, 2007, the parent company's distributable funds amount to EUR 130,992,510.76, of which the profit for the financial year is EUR 22,683,835.80.

The Board proposes to the Annual General Meeting that the distributable funds be used as follows:

- A dividend of EUR 0.85 per share be paid, totaling	EUR 15,477,831.90
- To be retained in shareholders' equity	EUR 115,514,678.86
Total	EUR 130,992,510.76

No material changes have occurred in the company's financial situation since the end of the financial year. The company's liquidity remains good and, in the view of the Board, is not threatened by the proposed profit distribution.

The record date for dividend payment has been set at April 1, 2008, and it is proposed that the dividend be paid on April 8, 2008.

Publication timetable

Interim reports 2008

May 8, 2008 Interim report 1.1. - 31.3.2008 (Q1)

Aug 7, 2008 Interim report 1.1. - 30.6.2008 (Q2)

Nov 5, 2008 Interim report 1.1. - 30.9.2008 (Q3)

Annual General Meeting 2008

March 27, 2008 Vanha Nurmijärventie 21, Vantaa

Financial reports can be ordered from:

Vaisala Oyj

Corporate Communications

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Fax +358 9 8949 2593

e-mail: info@vaisala.com



The Financial Statements 2007 brochure is published in Finnish and English. The brochure is distributed to all Vaisala shareholders on week 10 (March 3-9, 2008).

The company's interim reports as well as other stock exchange releases and press releases are available on the Vaisala website, in the [News and Media](#) section.

Contacts for investors

Vaisala Oyj

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E-mail: info@vaisala.com

For more detailed contact information of our offices across the world, visit our website on www.vaisala.com/contact/offices.

The contact persons for investor relations are

CFO [Jouni Lintunen](#), tel. +358 9 8949 2215

Communications Director [Helena Marjaranta](#), tel. +358 9 8949 2832.

Vaisala Group

Pioneer in environmental measurement

The Vaisala Group is a successful international technology company that develops, manufactures and markets products, solutions and services for environmental and industrial measurement. Vaisala's solutions provide the basis for better quality of life, environmental protection, safety, efficiency and cost-savings. Over the past 70 years, Vaisala has evolved into a world leader in many environmental and industrial measurement fields and among demanding professionals.

Vaisala's competitiveness in environmental measurement is based on understanding customer requirements, premium class quality and reliability, a wide selection of products and services, and strong application know-how. Vaisala's main customer groups include meteorological and hydrological institutes, road and rail organizations, defense forces, aviation organizations, private sector with weather-critical operations, system integrators and industry worldwide.

The Vaisala Group employs over 1 100 professionals. In 2007, Vaisala achieved net sales of EUR 224.1 million. Vaisala operates and serves its customers globally. In 2007, operations outside Finland accounted for 96% of net sales. Parent company Vaisala Oyj, domicile in Finland, is listed on the Nordic Exchange, Helsinki. The Vaisala Group has offices and operations in Finland, USA, Canada, France, United Kingdom, Germany, China, Sweden, Malaysia, Japan, Australia and United Arab Emirates.



Strategy and vision

Basis for a better quality of life

Vaisala's vision

We believe in a world where environmental observations improve daily life. In the changing world, we in Vaisala believe that innovative observations are the foundation for environmental awareness and decision making. Incorporating observation data into daily life improves the quality of life, safety and productivity.

Mission

Our mission is to provide observations for a better world. We offer superior environmental and industrial observation services, products and solutions.

Our way of working

To maintain our position as a global leader in environmental measurement, we apply a unified, customer driven approach throughout the company. We build our products, solutions and services on true customer need, utilising the operational excellence built during our 70 years of experience.

Our values

- Customer focus
- Science-based innovation
- Goal orientation
- Personal growth
- Focus on greater good
- Fair play



We serve our customers with dedicated personnel in over 100 countries. In addition to our own personnel, we have a comprehensive distributor network for Vaisala's products, solutions and services.

We place great emphasis on innovation. Our approach to our customers' problems is systematic, and based on the latest scientific knowledge. In order to do so, we actively network with leading universities and research institutes.

Another one of our values, fair play, urges us to maintain high ethical standards in all our activities. We know what we can promise and deliver against our promises.

Customer applications

Comprehensive application know-how

Vaisala caters for the wide range of environmental and industrial measurement needs. Vaisala's weather observation equipment, systems and solutions are used in applications in the professional meteorological field and in other businesses where weather information is important in day-to-day operations. Accurate, reliable and continuous observation data is the basis for daily forecasts and weather warnings meteorological and hydrological institutes provide.

Road and rail organizations can make timely decisions on winter maintenance based on accurate weather data. In aviation, the pilots need to have access to accurate weather data in order to guarantee safe take-offs and landings.

Industrial companies and system integrators use Vaisala's measurement instruments to monitor and control the manufacturing process, improve overall efficiency and safeguard workplace safety. The instruments are used in a variety of applications and industries, such as pharmaceutical, automotive and food industries, as well as meteorology.



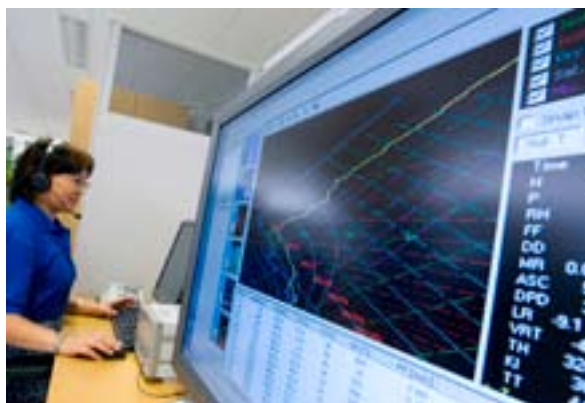
Weather observations

Accurate weather observation data used widely

Vaisala weather observation products are used in many applications. Below are some examples.

Observation data for weather forecasting

Meteorological and hydrological institutes need a continuous stream of high-quality weather data in order to make daily weather forecasts. Moreover, meteorological institutes need weather observation data to measure and explain the state of the atmosphere and climate change.



Safe air travel with accurate weather data

Aviation organizations are governed by international regulations and recommendations, and the stringent safety standards of civil aviation also cover weather observation instrumentation. Accurate weather information is vital during take-offs and landings, for example.

Traffic weather observations

Road and railway maintenance organizations need to be able to prepare for changes in weather conditions. Access to continuous and reliable weather information is vital, in order to ensure road and railway safety even in difficult conditions.

Tactical weather observations

Many weather related measurements are essential in a wide range of defense applications.

Information for land and water resource management

Hydrological data is broadly used in e.g. water source and flood control, water protection as well as in related research. Vaisala weather stations are also used to monitor and protect forest and land resources.

Reliable data on atmospheric conditions for research use

Many international meteorological and hydrological research programs that aim to promote environmental protection focus on measuring the Earth's atmosphere.

Lightning data for insurance and energy sectors

Lightning information is important not only to meteorological institutes offering weather services, but also to insurance companies and power utilities. Insurance companies use the information when handling insurance claims. Power utilities use this information to anticipate the need for grid maintenance following lightning strikes.

Vaisala owns and operates the U.S. National Lightning Detection Network and also operates the Canadian Lightning Detection Network.

Industry

Environmental parameters significant in industrial applications

Environmental parameters play a significant role in industry and built-up environments. By measuring and controlling these parameters, it is possible to influence e.g. product quality, the efficiency of manufacturing processes, energy consumption, and the safety and well-being of people.

Relative humidity - high quality, low energy consumption

Relative humidity is one of the most important factors affecting indoor air quality. By measuring and controlling relative humidity, it is possible to ensure a pleasing working and living environment for people.

Most materials have their own ideal storage humidity levels, and maintaining these help to ensure the quality of stored material for as long as possible. In many production processes, it is extremely important to measure and adjust humidity correctly in order to sustain the high quality of products and the correct level of energy consumption.

Dewpoint - indicating absolute humidity

Dewpoint is especially measured in processes where the formation of dew can be a problem or where it is important to know the precise water content of air or gas. Dewpoint measurement has become popular in many industrial applications such as metal treatment, compressed air systems, and plastic drying. For instance, dew formation should be avoided in compressed air pipelines because moisture can damage or clog the equipment.



Barometric pressure - weather information and performance

Barometric pressure is one of the most important parameters in weather observation because the movement of pressure fronts indicates the direction in which weather fronts are heading. Weather stations almost always include a barometer, and barometers are also used in data buoys and ships at sea. Barometric absolute pressure influences other physical and industrial processes as well. For example, engine performance is affected by air intake pressure.

Carbon dioxide - better indoor air quality

Carbon dioxide (CO₂) is one of the most common gases in our atmosphere. It is formed when humans and animals breathe, in fermentation and decomposition processes, and during the burning of fossil fuels. Carbon dioxide levels are also a good indicator of indoor air quality and ventilation efficiency, as it is people who release carbon dioxide to the indoor environment. By controlling ventilation according to carbon dioxide levels, indoor air can be kept fresh without wasting energy. Carbon dioxide is also used as a fertilizer in greenhouses.

Oxygen level - successful fermentation processes

Vaisala oxygen level measurement instruments have been developed for different industrial applications. For example, breweries and wineries, which use fermentation processes, need oxygen and carbon dioxide measurement instruments. Vaisala oxygen and carbon dioxide instruments can also be used for controlling air conditioning systems and maintaining safe oxygen and carbon dioxide levels. Another important oxygen measurement application is in petrochemistry.

Research and development

Market leader shows direction

The key to Vaisala's success is its diverse research and development activity. Customers can trust that Vaisala's products represent leading edge technology.

All of Vaisala's business areas actively invest in R&D, and the combined input in technology development is substantial. In 2007 the Group's R&D expenses totaled EUR 23.5 million, which is 10.5 % of its net sales.

Vaisala's R&D resources are the best in the field. The Group's R&D activities are located in Finland, the USA, the UK and Germany. Approximately 21 % of Vaisala's personnel work in R&D.

In addition to conducting its own R&D, Vaisala works closely with customers, research institutes and universities. The forms of cooperation include partnership projects, support for meteorological training programs, grants and the funding of scholarships and internships.



Partnership projects and active cooperation

Vaisala participates in many projects together with leading research organizations in the field. Key partners include the National Oceanic and Atmospheric Administration (NOAA) and the National Center for Atmospheric Research (NCAR), both in the USA, the Finnish Meteorological Institute and the VTT Technical Research Centre of Finland.

Vaisala is involved in sponsoring the global THORPEX program (The Observing System Research and Predictability Experiment), which is being implemented together with the World Meteorological Organization (WMO). The THORPEX research program, which was launched in 2003, will last for 10 years. Its purpose is to study and improve the effectiveness of both earth-based and space-based atmospheric observing systems.

Helsinki Testbed project continues

The precision weather research project, Helsinki Testbed, will continue until the end of 2009. A continuation project was established in 2007 to develop short-term weather forecasting methods and various customer applications for air quality and road weather, among others. These services are being developed for the use of private citizens, businesses and the authorities.

As a result of the Helsinki Testbed project launched in 2005, a denser-than-usual weather observation network has been created for the Greater Helsinki area. The Helsinki Testbed works as an open innovation platform for the testing of new weather and environmental information services and systems in an authentic environment. Vaisala and the Finnish Meteorological Institute have participated in the project since the outset, with the main provider of funds being Tekes, the Finnish Funding Agency for Technology and Innovation.

Additional information:

- [Press release 27.8.2007](#)
- [Helsinki Testbed](#)

Support for universities and research

The universities are also part of Vaisala's partnership network. Vaisala funds selected meteorological research projects, supports meteorological studies and training programs and provides grants, scholarships and internships. Over many years, Vaisala has partially sponsored meteorology students selected by the American Meteorological Society. In Finland, Vaisala annually sponsors the theses of ten university students.

Meteorological research at the University of Helsinki

Acting jointly with the Finnish Meteorological Institute and the University of Helsinki, Vaisala funds a five-year professorship in meteorology research. The incumbent, Professor David Schultz of the U.S. National Oceanic and Atmospheric Administration (NOAA), was selected for the chair at the end of 2006. Professor Schultz is studying extreme weather phenomena and is developing mid-term weather forecasts. He also teaches in the University of Helsinki's Physics Faculty.

[Read more about David Schultz >>](#)

Vaisala also provides funds for radar meteorology research and teaching at the University of Helsinki's Physics Faculty. Dr. Dmitri Moisseev from the Colorado State University in the USA took up his post as a researcher in the field of Radar Meteorology at the end of 2007. The research contract is for five years.

University cooperation in the USA

The company has a long history of cooperation with the University of Oklahoma in the USA. One of the main focus areas is the development of an observation and forecasting system for small-scale weather phenomena. In lightning detection, Vaisala has R&D cooperation with the University of Arizona.

Vaisala is continuing cooperation with the Universities of Massachusetts, Oklahoma, Colorado and Puerto Rico-Mayaguez by supporting their joint CASA program. CASA is a 10-year research program whose goal is to develop a remote sensing system based on low-power, low-cost, dual-polarization Doppler weather radars.

[Learn more about the CASA program >>](#)

Vaisala Weather Radar welcomed with excitement

Weather radars have been used to observe precipitation for over 50 years. The new Vaisala Weather Radar complements Vaisala's full offering of remote and in-situ sensing products and provides superior data quality, more accurate measurements and high availability for different applications. Vaisala is also the first meteorological hardware provider that has a complete offering of services in its product portfolio. The Vaisala Weather Radar family starts with two C-band weather radar models: WRM100 and WRM200.



The Vaisala Weather Radar

In 2002 the decision was made to develop the Vaisala Weather Radar in cooperation with the University of Helsinki, Colorado State University, Sigmat Inc. and various research institutions and customers. This prototype radar was installed at Helsinki University in Kumpula in late 2004 to focus on testing and world-class mid-latitude weather research and education using dual polarization weather radar.

The acquisition of Sigmat Inc. at the beginning of 2006 was very important for developing the Vaisala Weather Radar competences and helping us in the weather radar market entry. Sigmat is the world's leading weather radar signal processor and application software maker.

Vaisala makes significant innovations

Ever since the development project started, Vaisala's goal was to make new innovations in weather radar measurements, especially in dual polarization. Usually, weather radars send and receive microwaves at one polarization, usually horizontal. The Vaisala Weather Radar transmits and receives both horizontally and vertically polarized waves. The first innovation was to apply dual polarimetric measurements to classify hydrometeors (e.g. hail, graupel, rain, snow, etc.).

A new concept for antenna-pedestal design dramatically reduces the momentum of inertia required for antenna movement. This allows faster and more accurate positioning of the antenna. Also, the total weight of the antenna with pedestal is only 1500 kg - allowing significant reduction in infrastructure costs and easier mounting.

A key objective in creating the new family of weather radars was to lower maintenance costs through the use of active remote monitoring and control. Weather radars are very often installed in remote unmanned locations that are hard to reach. The Vaisala Weather Radar system is a cost-effective solution for most weather applications.

[Read more >>](#)

Personnel

Highly educated personnel serves customers worldwide

At the end of 2007 the Vaisala Group employed 1 134 people, 694 of whom worked in Finland and 440 outside Finland. The number of employees increased by 57 from the previous year.

61 percent of the Vaisala Group's personnel have technical qualifications and 52 percent have a university degree. The proportion of those with university degrees increased by 4 percentage points on the previous year. Women make up 29.5 percent of the personnel. The average age of all employees is 41 years.



Development

Support for personal development

Much time and effort was spent in 2007 to maintain and raise the level of professional knowledge and skills among employees. As in previous years, the focus was on product training, and particularly on enhancing applications skills and ensuring high levels of individual competence. A four-day course on the Basics of Meteorology was arranged twice during the year in cooperation with the University of Helsinki's Palmenia Centre for Continuing Education and the Finnish Meteorological Institute. The Introduction to Meteorology lecture series was continued as part of the induction of new employees.

The seventh Vaisala Business Learning Program began in September. Taking part were 24 people from various parts of Vaisala's organization who came together to learn more about interpersonal skills in different cultures, management and leadership skills, business strategies, collaboration with customers and financial management.



Focus on managing and leading people

In spring 2007 Vaisala commenced the LEAD training program to develop management and leadership skills. After being piloted in the Vaisala Measurement Systems division, the program will be introduced in other divisions. The pilot program covers some 50 persons who manage or lead people and projects. It comprises five modules focused on understanding different management roles, self management and performance management.

The Vaisala Instruments division continued a management and leadership skills program launched for its project managers. As a result of positive feedback received, personal training programs were developed for individual team members. During implementation of the program in the fall of 2007, groups of specialists were trained for faster set-up as a team, while the roles of team members were re-examined from different perspectives in relation to the product development environment.

A 4-module training program for new managers and supervisors operating in Finland was launched in fall 2007. New managers and supervisors have also been able to take part in a year-long guided mentoring process that started in the spring.

Vaisala was an active participant in the Helsinki University of Technology's VITAL project for the development of virtual team management. Several courses were organized for managers and supervisors on this theme.

Information technology as an aid for work

Work was commenced at the beginning of 2007 to create a new enterprise resource planning (ERP) system for the whole organization. This was supplemented by a project to develop Vaisala's personal information system.

Courses leading to a certificate in IT skills were organized for about 30 employees. The course relates to the skills and applications needed in the jobs of individual employees, as well as English IT terminology.

Personnel survey

Vaisala's employees are satisfied

With a response rate of 81 percent, the annual spring personnel survey showed that the work satisfaction of Vaisala's employees is still trending upwards. Significant improvements were experienced in the following areas: trust in the corporate management, the management of change, the flow of information about strategy and the future outlook, and the utilization of customer feedback in the divisions. Compared with other companies, Vaisala's personnel give very favorable feedback on the quality of employee supervision and management and on the feeling of employees that they can cope at work. Despite the positive trends, there is still room for improvement in the area of customer orientation, for example.

Supervisors and project managers have also used a team barometer to identify areas for development among members of their respective teams.

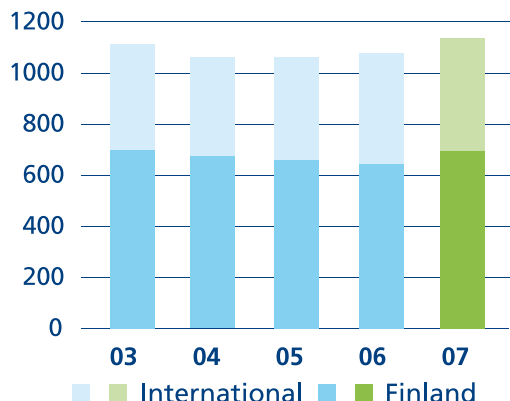


Vaisala has an excellent employer image

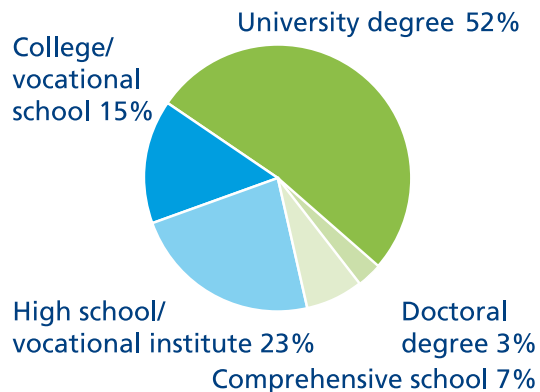
In spring 2007 the independent market research company, Taloustutkimus, surveyed the employer perceptions of 22 Finnish IT and electronics companies. The questions concerning Vaisala were answered by 96 respondents working in specialist or management positions. Their results showed that, of all the companies in the survey, Vaisala gained the highest rating for employer image.

Personnel in graphs

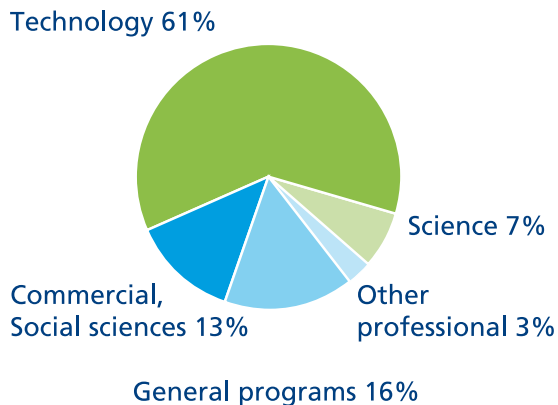
Personnel by the end of the year



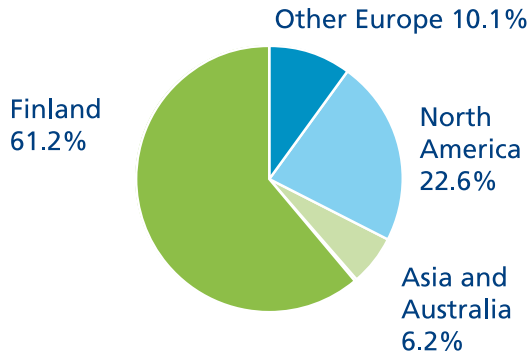
Personnel by level of education



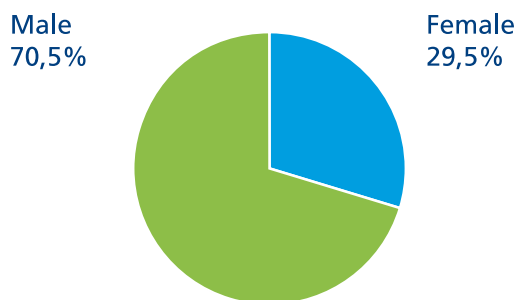
Personnel by area of education



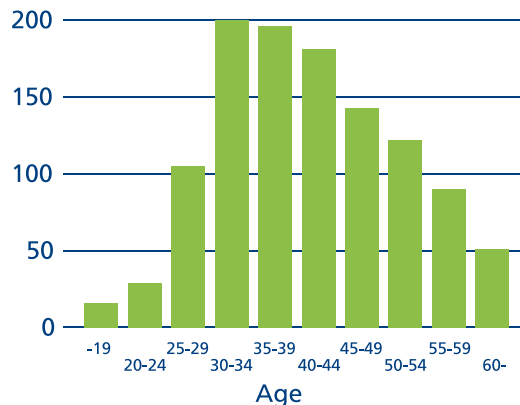
Personnel by geographical area



Personnel by gender



Personnel by age



Environmental issues

For a better quality of life

Vaisala takes environmental matters to heart and attends to them with care. Vaisala wants to be involved in establishing a sound foundation for better quality living, environmental protection, safety and productivity.

Positive environmental aspects for customers

Vaisala's environmental measurement products and systems provide the company's customers with a means of favorably influencing their environment.

Due to global climate change, different weather phenomena are today observed and measured more extensively and accurately than ever before. Vaisala's environmental measurement equipment and weather observation systems are in use the world over. Vaisala brings to this task the best available technology (BAT) in the field.



Empowered by Vaisala's environmental measurement products, customers can reduce the environmental load from energy consumption in buildings and a wide range of industrial processes.

The Vaisala measurement instruments used in industry improve product quality and production process efficiency, optimize energy consumption, and enhance the safety and well-being of people. In many manufacturing processes, it is of utmost importance to accurately measure and control humidity, so that product quality can be kept high and energy consumption low.

Carbon dioxide content is a good indicator of indoor air quality and ventilation efficiency. Indoor air can be kept fresh without wasting energy if ventilation is controlled with carbon dioxide measurement instruments. Correspondingly, indoor air temperature is controlled with temperature meters and humidity with humidity meters.

The consumption of chemicals and the environmental load caused by them can also be reduced by optimizing the volume and use of chemicals allocated for different purposes.

Vaisala a signatory in voluntary energy efficiency agreement

Vaisala has signed up to the voluntary energy efficiency agreement of the Federation of Finnish Technology Industries. The agreement aims to encourage better energy efficiency and cost savings, and to counter climate change. It offers Vaisala information and a framework to support the company's actions.

The technology industry action program incorporated in the energy efficiency agreement is challenging, but useful, for any increase in the efficiency of energy use creates outright savings. At the initial stage, companies analyze energy consumption and start thinking about where savings can be achieved.

Environmental collaboration in 2007

Vaisala studied the environmental effects of its measurement devices by means of lifecycle analyses in a collaboration project entitled ELE-DFE together with the ABB and Helvar companies and the Tampere University of Technology. TAMLINK and TEKES, the Finnish Funding Agency for Technology and Innovation, also participated in the project. The results of lifecycle analyses are harnessed in the design of new products. The development work aims at minimizing the environmental effects of products throughout their lifecycles.

Vaisala participated in the activities of the environmental committee of the Federation of Finnish Technology Industries. The committee monitors legislation and promotes collaboration between the authorities, business entities and environmental experts.

Vaisala complies with generally accepted international standards and requirements. The Group employs a certified environmental system based on the SFS-EN ISO 14001 standard. The system covers all of the Vaisala sites and products. Waste management and materials recycling is carried out efficiently at production plants and other sites. Inspecta Oy has acted as Vaisala's partner in the certification.

Active member of the society

Vaisala is involved in active discussion with different stakeholders, promoting advancement in science, particularly the development of environmental measurement.

Collaboration with research bodies and universities

Vaisala closely collaborates with a number of meteorological authorities around the world, such as the Finnish Meteorological Institute, Deutsche Wetterdienst in Germany, the National Oceanic and Atmospheric Administration in the United States, and the International Civil Aviation Organization. Vaisala is also an active member of the UN World Meteorological Organization, WMO. Vaisala sponsors the annual [*Professor Vilho Väisälä awards*](#) granted by the WMO with a USD 20,000 donation.



Vaisala grants research scholarships to universities, students and researchers in both the United States and Finland. In 2007, Vaisala was involved in many research and development projects with universities and other providers of higher education.

In the 1960s, Professor Vilho Väisälä, the company's founder, donated Vaisala shares to the Finnish Academy of Science and Letters, and these shares were used to establish the Vilho, Yrjö and Kalle Väisälä Fund. The Fund annually gives grants for research in mathematics, physics, geophysics, meteorology and astronomy. In 2008, the Fund granted altogether EUR 1 million to more than 100 researchers.

Thunderstorm Awareness Week

Lightning is one of the most dangerous weather phenomena in the United States. While admiring their beauty, it is good to keep in mind that they can pose a serious threat to people and property. Each year lightning causes tens of deaths and hundreds of injuries throughout the nation.

The annual Thunderstorm Safety Awareness Week is an efficient way to campaign to lower these rates. The campaign is run by the National Oceanic and Atmospheric Administration (NOAA) and other lightning experts. Vaisala is one of the sponsors participating both on a national and regional level. Vaisala's representative serves as an expert and consultative member on the national executive panel. Regionally, in Southern Arizona Vaisala's representative sits on the planning committee and the company also provides an expert resource throughout the week to help public and media.

During the 2007 Thunderstorm Awareness Week Vaisala sponsored the Tucson Children's Museum Father's Day Golf Tournament providing lightning education during the event. With the support of Vaisala and the regional Thunderstorm Safety Awareness committee, the Tucson Children's Museum hosted two weeks of weather safety educational activities.

The Federation of Finnish Technology Industries

Vaisala is a member of the Federation of Finnish Technology Industries, and the company's CEO is a member of the Federation's Board of Directors. Vaisala also actively participates in the undertakings of the Federation's different working groups, such as the Working Group for Environmental Issues that observes environmentally relevant legislation and promotes cooperation between the authorities, companies and environmental experts. This activity also provides Vaisala with new insights on how to use environmental perspectives in improving the company's competitiveness.

Risk Management

Organization of risk management

Vaisala has a risk management policy that has been approved by the Board of Directors and that covers strategic, operating and financial risks relating to the company. Vaisala's Corporate Management Group regularly assesses risk management policies, and the scope, adequacy and focus areas of related practices. The policy aims at ensuring the safety of personnel and the company's operations and products and the continuity of operations. The policy also covers intellectual capital, corporate image and brand protection. An appropriate and up-to-date risk concept is integrated in decision-making.

Near-term risks and uncertainties

Vaisala regularly assesses risks and uncertainties relating to its business. To increase the transparency of its activities, Vaisala has further developed its reporting relating to risks. The effort is to describe risks and uncertainties in more detail.

The usual risks related to international business affect Vaisala's operating environment. The most significant of these are risks relating to changes in the global economy and hence in purchasing activities, currency exchange rates (with particular respect to the U.S. dollar), supply network management and production activities. Vaisala uses subcontractors. Significant changes in subcontractor relations, activities or operating environment may have an impact on Vaisala's business. Vaisala monitors these risks and prepares for them in accordance with the company's risk management policy.

Group-level insurance programs and risk-management methods have been established to deal with manageable operating risks. The insurance programs cover risks relating to property damage, business interruption, different liabilities, transport and business travel.

The company is currently introducing some major organizational changes in support of its new strategy. Substantial efforts are also being carried out regarding the sales organization, research and development, and new enterprise resource planning system development. These efforts may constitute a short-term risk regarding Vaisala's net sales and result.

The net sales and operating profit estimates are based on the assumption that the order intake will remain at the current level and deliveries will be completed as planned.

Interest rate risk

Interest rate risk arises from the effects of interest rate changes on interest-bearing receivables and liabilities in different currencies. According to the company's management, the interest rate risk is small, as the existing interest-bearing liabilities and receivables are but marginal compared with the scope of the company's business. The liabilities have floating rates. The returns on invested capital entail a minor risk relating to interest rate changes. A change of one percentage point in the level of interest rates would result in a change of EUR 78,500 (101,800) in the total value of investments. The main principles of the investment policy in the order of their priority are a) minimizing credit loss risks, b) ensuring liquidity, and c) maximizing return on investment. The maximum term of investment is 12 months.

Currency risk

The international nature of Vaisala's operations exposes the company to Group-level transaction risks, as the Group carries out sales in a number of foreign currencies, of which the most significant are the U.S. dollar, the Japanese yen, and the pound sterling. The Group has many investments in its foreign subsidiaries, whose net assets are exposed to currency risks. The Group does not hedge the currency risks related to its subsidiaries' net assets. The table below features a sensitivity analysis (SA) on how changes in the rates of the most important currencies for the Group and in the euro, both in terms of average rate and balance sheet day rate, would affect the consolidated profit before taxes and the consolidated equity. The SA calculation does not incorporate the effects of parent company purchases in other currencies during the financial year, or the effect of hedging measures.

The Group's other currency risks are transaction risks arising mainly from commercial accounts receivable and accounts payable. Approximately half of the consolidated net sales are denominated in U.S. dollars. A substantial part of the Group's procurement is euro-denominated. The resulting net position is hedged with currency forwards, to which the Group does not apply hedge accounting as per IAS 39. The hedging level is at approximately 50 percent of the order book and the accounts receivable. The hedging is done by the parent company.

Effect of changes in the rates of the principal currencies for the Group

2007			Effect on profit before taxes, EUR thousand	Effect on equity, EUR thousand
USD/EUR	Exchange rate rise	10 %	1,403	4,128
	Exchange rate fall	10 %	-1,329	-3,558
JPY/EUR	Exchange rate rise	10 %	199	292
	Exchange rate fall	10 %	-163	-239
GBP/EUR	Exchange rate rise	10 %	905	1,174
	Exchange rate fall	10 %	-847	-1,067
2006				
USD/EUR	Exchange rate rise	10 %	1,677	4,438
	Exchange rate fall	10 %	-1,590	-3,848
JPY/EUR	Exchange rate rise	10 %	171	277
	Exchange rate fall	10 %	-140	-226
GBP/EUR	Exchange rate rise	10 %	515	988
	Exchange rate fall	10 %	-497	-883

Liquidity risk

The Group aims to continuously assess and observe the level of funding required to finance the business to ensure that the Group has sufficient liquid assets for financing its operations. Group financing is arranged through the parent company, and the financing of the subsidiaries is arranged through internal loans. The parent company also provides the subsidiaries with the necessary credit limit guarantees. The parent company assumes responsibility for financial risk management and for investing surplus liquidity.

With the company's current balance sheet structure, liquidity risks are non-existent.

Counterparty risk

Liquid assets are directed, within set limits, to investments whose creditworthiness is good. The investments and investment limits are redefined annually.

Credit risk

The Group applies a stringent credit issuance policy. Credit risks are hedged by using letters of credit, advance payments and bank guarantees as terms of payment. According to Group management, the company has no material credit risk concentrations, because no individual customer or customer group represents an excessive risk, thanks to global diversification of the company's customer pool. Total credit losses arising from accounts receivable and recognized for the financial year amounted to EUR 0.3 million (0.5), and the total net credit loss for the financial year was EUR 0.1 million (0.3). The credit losses resulted from an unexpected change in the financial environment of a customer. The maximum amount of the Group's credit risk corresponds with the carrying amount of financial assets at the end of the financial year. The periodic distribution of accounts receivable items is presented in Note 20 in the Notes to the Financial Statements.

Management of capital assets

Management of the Group's capital assets aims at ensuring normal company operation and increasing shareholder value with an optimum capital structure. The goal is to attain the best possible returns over the long term. An optimum capital structure also ensures lower capital costs. Capital structure can be affected through dividend distribution and share issues, for example. The Group can alter or adjust the amount of dividend payable to shareholders, the amount of capital returned to them or the number of new shares issued, or it may decide to sell or divest asset items to reduce its liabilities.

Internal audit

The company does not have a separate internal audit function. Duties relating to internal audit are undertaken by implementing control measures incorporated in the company's operating processes and by assigning the partnering firm of auditors to undertake any duties as necessary (see recommendation 49).

Business areas

Three business areas in 2007

In 2007, the Vaisala Group consisted of three business areas: Vaisala Measurement Systems, Vaisala Solutions and Vaisala Instruments.

Vaisala Solutions and Vaisala Measurement Systems develop, produce and market systems and solutions for weather observations, and offer services in support of their customers' day-to-day operations. Vaisala Instruments specializes in industrial and environmental measurements.

From the beginning of 2008, there will be four business areas at Vaisala: Vaisala Measurement Systems, Vaisala Instruments, Vaisala Solutions and Vaisala Services. In the new structure, all services will be centralized in the Vaisala Services business area.

Vaisala Measurement Systems

Market leader in upper-air measurement

Vaisala Measurement Systems develops, produces and markets instruments and systems for observing the weather in the upper atmosphere. The division's products and services are used in many weather measurement and observation applications. The division's main customers include meteorological and hydrological institutes, meteorological and climatological research institutes, defense forces, civil aviation organizations, insurance companies and power utilities.

Year 2007

Vaisala Measurement Systems' net sales to customers outside the Group fell below the expected level and decreased by 11.6 percent on the comparison year to EUR 82.5 million (93.2). Had the currency exchange rates remained at the previous year's level, the net sales would have been down by 7.4 percent. Operating profit dropped to EUR 12.7 million (19.8).



The drop in net sales was due to the decrease in sales of sounding equipment, wind profilers and weather radar signal processors. In the field, it is typical that the volume of sales changes notably from year to year. Thanks to the efficiency improvements in radiosonde production in 2006, cost savings of over EUR 2 million were achieved.

Leading products

The Vaisala Measurement Systems division's strategy is based on product leadership and operational efficiency. Vaisala is the global market leader in all the product ranges it offers for upper-air measurement.

Operational efficiency improved further

To strengthen its position as a premium-class product provider and market leader in upper-air measurement applications, Vaisala Measurement Systems constantly develops its product offering. The division also continues to focus on improving operational efficiency.

Business Units

Comprehensive methods for remote sensing

Vaisala Soundings

This unit produces systems for observing the weather in the upper atmosphere, such as radiosondes and dropsondes, and related ground equipment. The sounding systems collect and transmit data on pressure, temperature, relative humidity, and wind speed and direction. These are used for day-to-day weather forecasts. Sounding data time series collected throughout the decades is also used for the study of climate change.



Vaisala Windprofilers

This unit produces wind profilers, i.e. wind radars. They measure the vertical profile of wind speed and direction to up to 16 km. Wind profilers are used for example for studying air quality, and in meteorology and aviation.

Vaisala Thunderstorm Systems

This unit produces systems and instruments for lightning tracking and detection. The systems collect and distribute information for real-time weather observations and nowcasts. The systems can be built into networks that forecast approaching thunderstorms and track lightning strikes. Lightning detection is used in electric power distribution, insurance business and aviation, for example.

Vaisala Thunderstorm Data

This unit produces services relating to lightning detection. The business unit's main market is in the United States, where Vaisala operates its own U.S.-wide lightning detection network.

From 2008, all service functions will be centralized under the Vaisala Services business area.

Vaisala Weather Radar

The first Vaisala Weather Radar was introduced to the market in 2007, and first deliveries will take place in the beginning of 2008. The Vaisala Weather Radar business unit includes the Vaisala Sigmets product line, which is specialized in weather radar signal processors and application software.

Personnel

The Vaisala Measurement Systems division employs 276 people in Finland and in Boulder, Tucson and Westford in the United States. The sales personnel serve customers in Vaisala locations around the world.



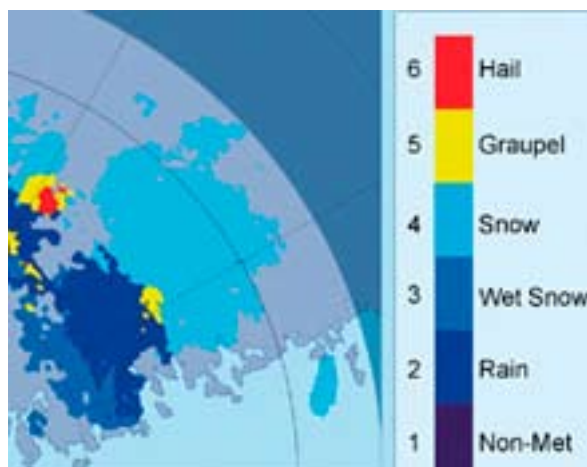
Main events in 2007

Vaisala received its first weather radar orders

Vaisala received its first weather radar orders. The orders include a total of five dual-polarization radars, which carry Sigmet signal processors and application software. When fully realized, the total value of the radar orders is approximately EUR 4 million. Deliveries will be carried out between November 2007 and June 2008. [Read more >>](#)

Vaisala to supply synoptic upper-air observation network to Canada

Vaisala won a contract with the Meteorological Service Canada (PWGSC) for the modernization of Canada's synoptic upper-air observation network. The contract term is ten years, and estimated value 27 million USD. The contract covers 35 sounding systems and corresponding services as well as radiosonde supply for ten years. It also includes options for further deliveries and support services. The deliveries start in October 2007. [Read more >>](#)



Research and development produces results

In addition to the launch of the Vaisala Weather Radar, Vaisala Measurement Systems' R&D successfully completed a new lightning sensor, the Vaisala Thunderstorm CG Enhanced Lightning Sensor LS7001. The LS7001 is a compact, lightweight sensor delivering higher detection efficiency, location accuracy and redundancy for cloud-to-ground lightning strokes. [Read more >>](#)

Forecasts across four million square miles of territory

Vaisala renews Canada's synoptic upper-air observation network

Environment Canada is home to Meteorological Services Canada (MSC), the country's weather service. Formed 136 years ago, MSC is responsible for observing and providing forecasts of the weather across the country's almost four million square miles of territory stretching from the US border to the south to above the Arctic circle in the North and from the Atlantic provinces in the East to the coastal mountains of British Columbia in the West.

Network of thirty-one stations

An important component of MSC's national observation program is its upper-air network of thirty-one stations. One of these stations, located in Whitehorse, Yukon, operates a Vaisala AUTOSONDE for automated and unattended soundings twice per day for up to twelve days before requiring re-loading. This AUTOSONDE has been operating since 1997, and has been upgraded to use Vaisala's new RS92 family of radiosondes.



At the thirty other upper-air stations, automatic soundings are carried out with manned balloon launches. These stations have relied on the Vaisala DigiCORA® Sounding System MW15 since the early 1990s, originally with Vaisala Radiosondes RS80 and later upgraded to use the Vaisala Radiosondes RS92.

Twenty-seven of these thirty sites are operated by contracted employees at government-owned facilities. These upper-air stations and, especially, the high arctic stations of Alert, Eureka, and Resolute Bay, pose unique challenges due to the remoteness of their location and limited supply possibilities. MSC benefits from the high reliability of the Vaisala equipment and services to keep the network at maximum uptime.

Reliability brings savings

In 2006 MSC published a tender to replace its network with newer systems to maintain its required operational uptime well into the future.

As a result of this selective process, MSC awarded a contract to Vaisala in July 2007. The contract covers the supply of thirty-five Vaisala DigiCORA® Sounding Systems MW31 and 150,000 radiosondes, including documentation, French and English operation, training, and other services over the next ten years. Options are included for additional ground systems, radiosondes, spare parts, and services throughout the contract period, which ends on March 31, 2017.

Vaisala Solutions

Tailored solutions

The Vaisala Solutions business area offers customer-focused solutions worldwide for weather observations to meteorological and hydrological institutes, aviation authorities, traffic organizations and defense forces.

Strong market position combined with solid expertise and extensive installed base enables the division to offer tailored solutions to meet all customer requirements.

Year 2007

Vaisala Solutions' net sales to customers outside the Group increased by 12.6 percent on the comparison year and totaled EUR 71.3 million (63.3). Due to expenses arising from development projects, the division's operating profit remained at the level of the previous year and was EUR 5.3 million (5.4). Had the currency exchange rates remained at the previous year's level, the net sales would have been up by 15.6 percent.

Demand for the comprehensive solutions offered by Vaisala Solutions remained at a good level throughout the year. As a result, net sales and the order book increased over the previous year, and the profit and profitability targets were reached.



Reliable and functional weather observation solutions

Customer focus and strategic partnership are the cornerstones of solutions business. Vaisala Solutions offers comprehensive turnkey solutions, which include all from installation to system go-live. Vaisala Solutions is the global market leader in its chosen businesses.

Business Units

Comprehensive solutions according to customer needs

Vaisala Aviation Weather

This unit provides turnkey solutions for all aviation weather observing requirements both in the air as well as at the airport. Vaisala's automatic weather observation systems measure e.g. wind, cloud height and runway visual range.

Vaisala Road Weather

This unit provides solutions and services to road and railway organizations, national meteorological institutes, and highway maintenance organizations. Vaisala's road weather stations, thermal mapping and route optimization services as well as local forecasts support the decision-making of those in charge of maintenance services.



Vaisala HydroMet

This unit works to serve the environmental monitoring needs of meteorological and hydrological institutes as well as defense forces. Vaisala HydroMet provides complete solutions ranging from individual monitoring platforms to comprehensive monitoring systems.

Personnel

The Vaisala Solutions division employs 253 people in Finland, the United States, Great Britain, Germany, France and China. In the United States, Vaisala Solutions personnel are located in Boulder, Colorado, and Minnesota, Minneapolis.

Vaisala Road Weather operations are located in Birmingham, Great Britain, where the business unit operates its global service center for observation data.



Main events in 2007

Vaisala signed a contract for the long-term supply of automatic weather stations

Vaisala has signed a contract with a long-standing customer for fixed base automatic weather stations for aviation operations use. The contract covers the supply of automatic weather stations and support services, and can be extended to the end of the year 2012. The estimated value of the contract is over 10 million USD. [Read more >>](#)

Vaisala Solutions focuses on comprehensive customer-specific solutions

Vaisala Solutions business area will focus more clearly on providing comprehensive meteorological solutions to its customers, to accommodate the growing needs of the market. [Read more >>](#)

New Director appointed to Vaisala Solutions

Antti Ritvos was appointed Director, Vaisala Solutions, starting November 15, 2007.



Case

Helping the Windy City prepare for snow

Revolutionary non-intrusive road sensor package from Vaisala

“Chicago is known for its changeable weather, but one thing is certain: it snows in the winter,” says Richard M. Daley, Mayor of the City of Chicago. In fact, Chicago receives an average of 39 inches (99 cm) of snow each winter and it’s up to the Snow Command Center, under the jurisdiction of the Department of Streets and Sanitation, to keep Chicago’s streets free of ice and snow during inclement winter weather. When such weather nears Chicago, the city dispatches its fleet of salt spreaders/plows to the main arterial streets which are divided into 261 routes.



The City of Chicago utilizes a state-of-the-art Command Center to help manage its fleet, with access to cameras, radar, Global Positioning Satellite (GPS) and road weather sensors. Traditionally the City has relied upon pavement weather data from a network of embedded sensors in various key locations. However, these had proved expensive to both install and maintain, so the city was keen to try alternatives. Vaisala’s non-intrusive pavement sensor package proved to be the solution the City was looking for. “Not only do the Vaisala sensors provide us with the data we need in a timely fashion, but they were installed in a fraction of the time and cost of traditional sensors,” says Bob Richardson, Deputy Commissioner for the City of Chicago.

Enabling friction measurement

The spectroscopic measuring principle employed by the Vaisala Remote Road Surface State Sensor DSC111 delivers a substantial improvement in the type of data previously gleaned from Road Weather Information Systems (RWIS). Because the sensor uniquely measures water, black ice and white ice (hoar frost) independently of each other, it is now possible to measure the reduction in surface friction on the highway, resulting from adverse weather. For the first time the highway maintainer can now determine how slippery the road surface is, as well as measure its temperature and state.

“Being able to measure the friction of our roads helps us to measure the success of our winter operations,” says Michael J. Picardi, Commissioner for the City of Chicago, “We can provide our residents and customers with objective performance indicators.”

Vaisala Instruments

Instruments for accurate measurements

Vaisala Instruments develops, manufactures and markets instruments for the measurement of relative humidity, dewpoint, barometric pressure, carbon dioxide, wind, rain, visibility, cloud height and present weather.

Environmental factors play a significant role in industrial processes and other constructed environments. The measurements are used to improve product quality, the efficiency of manufacturing processes and energy consumption, as well as the safety and wellbeing of people.

Year 2007

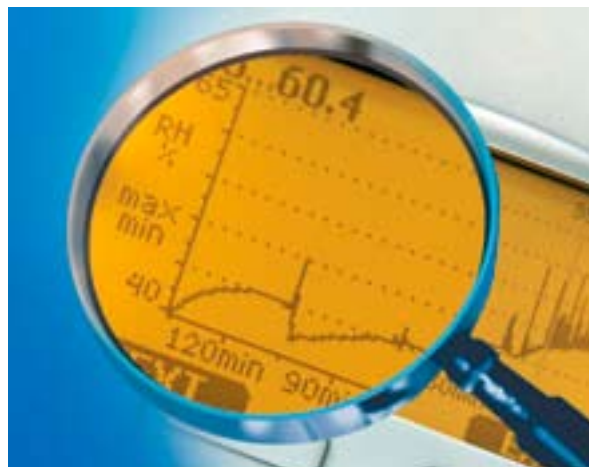
The business of the Vaisala Instruments division exceeded expectations in 2007. The division's net sales to customers outside the Group increased by 9.5 percent on the comparison year to EUR 70.3 million (64.3). Had the currency exchange rates remained at the previous year's level, the increase in net sales would have been 15.3 percent.

Total net sales increased by 7.2 percent and were EUR 80.8 million (75.3).

The operating profit increased to EUR 19.9 million (19.5). Despite the weakening of the U.S. dollar and the Japanese yen, the operating profit remained at an excellent level.

Competitiveness further improved

The competitive situation has remained tight in all product market areas for industrial measurement devices. In 2008, Vaisala Instruments is further developing its competitiveness by transforming its business model from a product-based concept into a customer segment-based concept.



Product lines

Catering for the needs of industry and meteorology

Vaisala Instruments manufactures instruments for the measurement of relative humidity, dewpoint, barometric pressure, carbon dioxide, oxygen, wind, cloud height, visibility and present weather. In 2007, operations were organized according to product lines.

Industrial instruments

The product offering is comprehensive, and includes both fixed as well as portable models. Most of the instruments are configurable. The customer chooses the desired functionalities and the probe suitable for their application. The equipment is delivered to the customer ready configured.

Relative humidity measurement equipment is required in many industrial drying processes, such as in paper and timber industries. Optimal humidity conditions improve productivity and product quality, and reduce energy consumption and maintenance costs. Monitoring moisture in oil helps to prevent corrosion and machinery failures.



Dewpoint measurement equipment is used in industries where the formation of dew can be a problem or where it is important to know the precise water content of air or gas.

Carbon dioxide measurement equipment is used for controlling carbon dioxide levels. This is important in industry process control, commercial greenhouses, ecological applications as well as in indoor ventilation control.

Oxygen measurements are used in, for example, combustion and oxidation process control. Pharmaceutical and biotechnological applications in fermentation and bioprocesses are also common, as well as use in gasworks and shielding gas control.

Barometric pressure measurement equipment is used for weather observations in particular. In addition to this, barometric pressure is measured in industrial applications, such as engine performance testing equipment.

Meteorological instruments

Wind and visibility measurement equipment can be used in different weather observation applications. The instruments are used in e.g. shipping and traffic as well as air quality control and agriculture.

Optical visibility sensors are used at airports and runways, for road and waterway weather visibility measurements, and as additional components in weather stations.

Cloud height measurement equipment is used for cloud height and vertical visibility measurement. Their most common applications include airports and different meteorological applications.

The weather transmitter is a compact and easy-to-use station that measures temperature, humidity, pressure, wind speed and direction, and precipitation. It is used in sectors where daily weather data plays a significant role in operations, including agriculture, boat marinas, and ski resorts.

Personnel

The Vaisala Instruments division employs 360 people in offices around the world. Production and development activities are concentrated in Finland.

Vaisala Instruments' service centers offer maintenance and calibration services in Finland, the United States, China and Japan. Sales personnel serve customers in over ten sales offices around the world.



Main events in 2007

Product launches

Vaisala Instruments launched several products to the market in 2007. One of them is a compact wall-mounted [*carbon dioxide transmitter*](#) for demand-controlled ventilation.

Improving competitiveness by investing in product features

Vaisala Instruments improved the features of many product families and added new features to its products in order to improve competitiveness. For example, a data logging feature was added to industrial transmitters, and a new humidity sensor to humidity transmitters.

Strategy renewal process launched

Vaisala Instruments launched a substantial strategy renewal process. The goal is to transform the instrument business model from a product-based concept into a customer segment-based concept.

Measuring carbon dioxide in refrigeration applications

CO₂, a widely used refrigerant in the early 20th century, was largely replaced by the chlorofluorocarbon (CFC) and hydrochlorofluorocarbon (HCFC) refrigerants in the 1940s. The damaging effect of the CFCs and HCFCs on the ozone layer became evident in the 1970s. These compounds are also effective greenhouse gases contributing to the climate change. Consequently, a gradual phasing out has been taking place in order to replace these compounds in various applications.

The Montreal Protocol was opened for signatures in 1987 to phase out the ozone-depleting chemicals, including CFCs and HCFCs, resulting in nearly all countries joining the effort to protect the ozone layer. Simultaneous re-inventing of natural refrigerants has taken place.

Many factors promote the use of CO₂ as a refrigerant. It is inexpensive and energy-efficient. In addition, it has good heat transfer properties and is compatible with most materials. The challenges related to process design, high operating pressures and downtime safety issues can be overcome with modern technology. From an environmental point of view, CO₂ does not cause ozone depletion and has lower global warming potential than the traditional refrigerants. As a result, CO₂ refrigeration has found numerous applications in food and industrial processing, cold storages, food retail and transfer, and sports facilities. It is also emerging in car and residential air-conditioning.



Safety and system integrity are key issues

To ensure the safety of personnel in a CO₂ refrigerated facility, CO₂ transmitters should be installed in every human occupied space and as close to potential leakage points as possible.

McAlpine Hussmann Ltd. has experience of integrating Vaisala CARBOCAP® Carbon Dioxide GMT220 Series Transmitters as leak detectors in CO₂ refrigeration applications. McAlpine Hussmann Ltd. provides solutions for the display and refrigeration needs of supermarkets and grocery stores throughout Australasia. “Safety and system integrity are key issues,” says Rob Whitehead, Application Engineer from McAlpine Hussmann Ltd. in New Zealand. “Local codes state that any refrigerated space open to public access must have local leak detection and alarms. We decided to go a step further and alarm every refrigerated room as well as the plant room.”

Vaisala sensors are accurate and durable

Rob Whitehead lists the requirements for CO₂ transmitters: “The leak detector has to be sturdy, have a remote sensor and a display. It needs to be able to talk to the control and alarm system.”

The Vaisala CARBOCAP® Carbon Dioxide Transmitters GMT221 and GMT222 are especially designed for harsh and humid environments. “The Vaisala system has allowed us the flexibility of mounting the detector units outside the refrigerated rooms at sufficient height to avoid the risk of mechanical damage,” says Rob Whitehead.

Sales organization

Sales organization dedicated to its customers

Vaisala's customers have been divided into seven customer segments, each served by its own dedicated sales team. Six sales teams focus on meteorological customers and one focuses on industrial customers. At the end of the year, 110 persons were working in the sales teams.

The meteorological customer sales teams serve meteorological and hydrological institutes, defense forces, aviation organizations, road and rail organizations, integrators of meteorological systems, and other companies and entities that require weather information for efficient operation. The industrial customer sales team serves industries that use Vaisala's measurement instruments in their own core processes.



Main events in 2007

Matti Ervasti was appointed as Vaisala's Sales and Marketing Director and member of the Management Group, starting May 15, 2007.

Focusing on serving customers locally: Vaisala initiated a process of reviewing its regional strategies and strengthening its operations in growth areas such as China. A new sales office was established in Dubai in the United Arab Emirates. The sales resources available to serve customers locally were bolstered through various collaboration systems and tools.

Strengthening customer relationship management: Vaisala strengthened its customer relationship management program, established in 2006, by focusing on strategic partnerships with customers and streamlining sales roles and responsibilities.

Developing partnerships and other collaboration systems: Vaisala developed its collaboration between different organizational levels and with its network of representatives.

Activities all over the world

Vaisala Group is an international company with more than 1 100 personnel around the world. Vaisala's personnel and distributor network serve customers in more than 100 countries. Efficient customer service requires knowledge of local circumstances and close contacts with customers. Operations outside Finland accounted for 96% of Vaisala's net sales in 2007.

At the end of 2007, Vaisala employed 694 people (61%) at its headquarters in Vantaa, Finland. They are engaged in research, product development, sales and marketing, customer service, production and administrative functions.

Vaisala has 25 offices around the world: Australia, Canada, China, Finland, France, Germany, Japan, Malaysia, Sweden, the UK, the United States, and the United Arab Emirates. The size of the international offices varies by country and business area. At the end of 2007, 440 (39%) of Vaisala's employees worked outside Finland.



Vaisala personnel is divided worldwide by business area as follows: Vaisala Measurement Systems employed 276 people (24.3%) at the end of the year, Vaisala Instruments 360 (31.8%), and Vaisala Solutions 253 (22.3%). Additionally, 110 people (9.7%) work in Segment Sales Units and 135 persons (11.9%) in different support functions.

Vaisala globally



Corporate governance

Vaisala Group's corporate governance system is based on the Finnish Companies Act and Vaisala's Articles of Association. Vaisala's A shares are listed on the Nordic Exchanges, in Helsinki. The company complies with the recommendations and instructions for listed companies issued by OMX Nordic Exchange Helsinki Oy, and the Finnish Financial Supervision Authority.

Vaisala also complies with the Corporate Governance Recommendation for Listed Companies issued by OMX Nordic Exchange Helsinki Oy, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries EK.

The Vaisala Group Board of Directors has not formed any Committees.

Board of Directors

In accordance with Vaisala Oyj's Articles of Association, the Vaisala's Board of Directors comprises at least three (3) and at most six (6) members. According to current practice, the Board comprises six (6) members. All Board members are appointed by the Annual General Meeting. The Board chooses a Chairman and a Vice Chairman from its members.

Term of office of members of the Board

In deviation from recommendation no. 12 of the Corporate Governance Recommendation for Listed Companies, the term of office of members of the Board is not one year. According to the Articles of Association, the term of office is 3 years. The term of office begins after the meeting in which the member is elected, and ends after three (3) subsequent Annual General Meetings.



Meetings of the Board

The Board of Directors had 9 meetings in 2007. An average of 94 per cent of the Board members were present at the meetings.

Members of the Board

Raimo Voipio
Chairman

Born 1955. M.Sc. (Eng.)

Member of Vaisala's Board of Directors since 1989, Chairman since 1994. Voipio's term as Board Chairman ends in 2008. Fees were 20.000 euros in 2007.

Principal occupation: board memberships in technology companies. Previous employment history contains various product marketing positions at Nokia Oyj, and in private telephone companies.

Board member in Space System Finland Oy and IST International Security Technology Oy.

Yrjö Neuvo
Vice Chairman

Born 1943. Ph.D. Cornell University

Member of Vaisala's Board of Directors since 1989, term ends in 2010. Fees were 20.000 euros in 2007.

Principal occupation: various specialist tasks. Previously as Technology Advisor in Nokia Oyj 2006-2007, member of Nokia Group Executive Board in 1993-2005, where responsible for product development of mobile phones. National Research Professor in Academy of Finland, 1984-1992.

Member of the Board of Directors in Metso Oyj. Chairman of the Board in The Foundation of Technology, and Vice Chairman in Metropolia Polytechnic. Member of the Advisory Board of Tampere University of Technology, and Chairman of the Board at Artemis European Technology Platform, as well as of Scientific Advisory Board at VTT Technical Research Centre of Finland. Member of Cornell University Council, of the Finnish Science Centre Foundation (Heureka), and in the Board of the Millennium Prize Foundation. Chairman of the Board at Finnish Centre of Expertise Program.

Stig Gustavson

Member

Born 1945. M. Sc. (Eng), Dr. Tech. (h.c.)

Member of Vaisala's Board of Directors since 2006, term ends in 2009. Fees were 20.000 euros in 2007.

Principal occupation as Chairman of Konecranes Plc Board. Previously employed at KONE Oyj, Sponsor Oy, RAY and Wärtsilä Oyj. President and CEO in Konecranes in 1994-2005.

Chairman of the Board at Dynea Oy, Svenska Handelsbanken (Finland), Tammet Oy, Arcada Foundation and Cramo Oy. Board memberships in Fastems Oy and Mercantila Ab. Chairman of the Supervisory Board of Tampere Technical University and member of the Supervisory Board of the Varma Mutual Pension Insurance Company.

Mikko Niinivaara

Member

Born 1950. M. Sc. (Eng)

Member of Vaisala's Board of Directors since 2002, term ends in 2008. Fees were 20.000 euros in 2007.

Principal occupation as President and Country Manager at ABB Oy. Previous employment as President at ABB Industry 1999-2001, Division Director of ABB Ltd Zürich in 1993-1998. Various managerial positions at ABB Group 1984-1993.

Board Member at ABB Oy, Member of Executive Board and Chairman of the Competitiveness Working group at Technology Industries of Finland. Board Member at Confederation of Finnish Industries, Energiaforum ry, Board Member of Advisory Board at Helsinki University of Technology.

Maija Torkko

Member

Born 1946. M.Sc. (Econ.), LL.M.

Member of Vaisala's Board of Directors since 2007, term ends in 2010. Fees in 2007 were 20.000 euros.

Previous work experience at Nokia Oyj as CFO until 2006.

Mikko Voipio

Member

Born 1960. M. Sc. (Eng)

Member of Vaisala's Board of Directors since 1994, term ends in 2009. Fees in 2007 were 20.000 euros.

Principal occupation as Scientist, previously in Research and Development positions in software and telecom business.

Member of the Board at Fontus Oy and at Novameter Oy.

The secretary of the Vaisala Board of Directors is Matti Kari, LL.M, Attorney at Law

Independence of the Board of Directors

The Board of Directors of the Vaisala Group has evaluated the independence of its members.

1) Independence from the company

Evaluated against the criteria given in Recommendation 18, all five members of the Board of Directors are independent from the company.

2) Independence from the shareholders

Evaluated against the criteria given in Recommendation 18, Yrjö Neuvo, Stig Gustavson, Maija Torkko and Mikko Niinivaara are independent from both the company and the shareholders. The holdings of Raimo Voipio and Mikko Voipio do not exceed the 10 % of all the shares or aggregate votes stated by the Recommendation, but according to the insider definition of Chapter 1, Section 4 of the Companies Act, are considered to be dependent on the shareholders.

The current composition of the Board of Directors fulfills the independence requirements stated in the Recommendation.

Charter of the Board of Directors

In accordance with the charter of the Board of Directors, the Board shall:

- decide on Group strategy,
- review and approve the interim reports, consolidated financial statements and Annual Report,
- confirm the Group's business plan, budget and investment plan,
- decide on individual investments, acquisitions, divestments or corporate restructuring and contingent liabilities that are strategically or financially significant,
- confirm the Group's risk management and reporting procedures,
- confirm the Group's insurance policy,
- approve the Group's financing policy,
- decide on the compensation and incentive schemes for Group management,
- propose dividend payout amount to the Annual General Meeting,
- appoint the company's President and CEO and decide on his compensation,
- assume responsibility for all other duties stipulated for Boards of Directors in the Companies Act and elsewhere,
- annually evaluate its operations.

President and CEO

Vaisala's President and CEO is appointed by the Board. The CEO manages the company in accordance with the instructions and orders given by the Board, and informs the Board of the development of the company's business and financial situation. The CEO is also responsible for organizing the company's management.

Kjell Forsén

Born 1958, L. Tech.

Vaisala's President and CEO, as well as Chair of the Management Group as of October 1, 2006. Previous employment at Ericsson, since 1986, where he had several managerial positions within the company, both in Finland and abroad. The latest position was President of Ericsson Finland.

Board member at Helvar Oy Ab, and at Technology Industries of Finland.



Salaries and other compensations

Basic salary in 2007 was 261.000 euros and other compensation 23 000 euros.

There was no compensation in shares or share warrants during fiscal year 2006.

Retirement age is 63 years, according to the Finnish law. The President and CEO has a compensation based retirement plan.

Notice period, severance pay and conditions of other severance compensations are 6 months for the employee, 12 months for the employer, compensation equal to the salary.

Management Group

Vaisala's Management Group is chaired by Vaisala's President and CEO. The Management Group's other members are Vaisala Business Area Directors and the Directors of finance and treasury, communications, marketing, research, technology, personnel, IT, operations and business development.

The Management Group does not exercise any decision making power as defined in legislation or the Articles of Association. The Management Group is an advisory organ that addresses Group-wide development undertakings, as well as the Group's principles and operating practices in general.



Management Group members in the picture

Top row: Walter Dabberdt, Jussi Kallunki, Jouni Lintunen, Ari Meskanen, Scott Sternberg

In the middle: Kenneth Forss, Tapio Engström, Lauri Rintanen, Antti Ritvos

Bottom row: Erkki Järvinen, Matti Ervasti, Helena Marjaranta, Kjell Forsèn, Marja Happonen.

Members of the Management Group

Walter Dabberdt

Chief Science Officer

Born 1942. Ph.D. Meteorology

In the current position and a member of the Vaisala Management Group since 2000. Previous employments at National Center for Atmospheric Research (NCAR), 1985-2000 and at Stanford Research Institute, 1970-1985.

Board memberships in Atmospheric Sciences and Climate of the National Academy of Sciences as well as in CO-LABS Inc. President for the American Meteorological Society. Board Chair at the Environmental Prediction in Canadian Cities and Chair at the External Advisory Committee, NCAR Earth Observing Laboratory. Co-chair in THORPEX Global Atmospheric research Programme, Observing Systems Working Group. Member in External Steering Committee for Air Quality Forecasting, in Shanghai Meteorological Bureau.

Tapio Engström

Director, Business Development

Born 1963. M.Sc (Accounting)

In the current position, and as a member of the Vaisala Management Group since 2007.

Previously employed as CFO at Aspocomp Group, 2006-2007; CFO at Vaisala Group, 2002-2006; CFO at Vaisala's North American operations in 2000-2002; Business Controller at Andritz Oy in 1998-2000; and as Finance Manager at Asko Kodinkone Oy, 1994-1998.

Matti Ervasti

Director, Global Sales and Marketing

Born 1955. M. Sc. (Chem)

In the current position, and as a member of the Vaisala Management Group since 2007. Previously as Managing Director at Oxford Instruments Analytical Oy; Distribution Director at Oxford Instruments Industrial Analysis. A position of trust at the Oxford Instruments Analytical Oy and Oxford Instrumens Oy, as Non Executive Director.

Kenneth Forss

Director, Vaisala Instruments

Born 1954. Engineer

In the current position and as a member of the Vaisala Management Group since 1991. Previously as Marketing Manager for Vaisala Instruments business area, in 1990-1991 and Regional Manager, 1988-1989.

Member of the Working group for business and technology in Technology Industries of Finland, and Board Member in Teräskonttori Oy.

Marja Happonen

Director, Human Resources

Born 1957. M.Sc. (Econ)

In the current position since 1994, and as a member of the Vaisala Management Group since 1996. Previously employed e.g. as HR Manager at Scribona Oy, 1989-1994.

Member of the Board of Directors at the Finnish Meteorological Institute, and Member of the Board at Deaconess Institute's Hoiva.

Erkki Järvinen

Director, Vaisala Measurement Systems

Born 1960. M.Sc. (Eng)

Member of the Vaisala Management Group since 2000, and in the current position since 2005. Previously employed as Director of the Vaisala Soundings division, in 2002-2004, and as Business Unit Manager in 1998-2002. Product Development Manager at Rados Oy in 1997-1998 and at Instrumentarium Oy Imaging in 1990-1997.

Jussi Kallunki

Director, Information Management

Born 1956. M.Sc. (Eng)

In the current position, and as a member of the Vaisala Management Group since 2000. Previous employments as IT Manager at Outokumpu Technology Oy, 1998-2000; and in various management positions at Outokumpu Engineering Services Oy, in 1990-1998.

Jouni Lintunen

Chief Financial Officer

Born 1971. M.Sc. (Eng)

In the current position, and as a member of the Vaisala Management Group since 2006. Previously as Business Controller at Vaisala, in 2001-2006, before that various financial positions within Vaisala Oyj and its subsidiaries, since 1998.

Helena Marjaranta

Director, Communications

Born 1963. M.Sc (English Philology, Communication and Organizational Psychology).

In the current position, and as a member of the Vaisala Management Group since 2007.

Previously employed as Communications Director at Radio Access Business Unit, Nokia Siemens Networks in 2006-2007, Senior Communications Manager in Corporate Communications at Nokia Oyj in 2005-2006. Various Communications management positions within Nokia Networks -business Group in 1999-2005, and change and HR consultancy positions at Neste Oyj in 1991-1999.

Ari Meskanen

Chief Technology Officer

Born 1963. M.Sc. (Eng), eMBA

In the current position, and as a member of the Vaisala Management Group since 2007. Previously employed as Soundings Business Unit Manager, as Managing Director for Vaisala GmbH, and as Product Manager at Vaisala Oyj. Before that employed as Product Development Manager at Instrumentarium Oy.

Lauri Rintanen

Director, Operations

Born 1955. M.Sc. (Eng)

In the current position and as a member of the Vaisala Management Group since 2007.

Previously employed as Managing Director at JOT Automation in 2006-2007, as Executive Vice President for Supply Chain and Technology at Uponor Oyj in 2004-2006, Director for supply chain, quality and customer relationships at Nokia Multimedia in 2001-2004. Various production and quality related management positions at Nokia units in 1989-1991.

Antti Ritvos

Director, Vaisala Solutions

Born 1953, M.Sc. (Eng, Tech Physics), BA (Physics and Astronomy)

In the current position and as a member of the Vaisala Management Group since 2007.

Previously employed as Vice President at Mercuri Urval in 2005-2007. Before that various positions at General Electric Corp. (GE)/ Instrumentarium Oyj during 1986-2004, the last being Vice President and General Manager of Global Technology, GE Healthcare Information Technologies.

Board member in Oy Sten Ab, Wristop Oy and in URSA r.y.

Scott J. Sternberg

Director, Vaisala Services

Born 1964. M.Sc. (Physics)

In the current position and as a member of the Vaisala Management Group since 2007. Previously as Manager at Vaisala Thunderstorm Data Business Unit, in 2004-2007. Before that various management positions, the latest being Business Development Manager at Roper Industries-Photometrics in 1992-2004.

Compensation system

The Board of Directors of Vaisala Corporation decides on the compensation of the President and CEO. The Board of Directors also decides on management compensation, based on a proposal from the President and CEO.

The current performance-based compensation system comprises:

- a bonus scheme, with a maximum bonus corresponding to 4-6 months' pay
- two-year share based incentive program, terms and conditions of which have been published in a stock exchange release on February 14, 2006

The salaries and other benefits paid to the President and CEO are listed in the [President and CEO](#) section. Vaisala does not have a full-time Chairman of the Board.

Auditors

The Vaisala Group's auditors are PriceWaterhouseCoopers Oy, Authorized Public Accountants, and Hannu Pellinen APA.

The total paid in auditing fees in 2007 was EUR 200,957 (164,207 in 2006), and other fees EUR 116,437 (42,421 in 2006).

In 2007, Vaisala Oyj paid auditing fees to its Authorized Public Accountants PriceWaterhouseCoopers Oy EUR 149,939 (117,048 in 2006), and other fees EUR 76,800 (34,081 in 2006).

Auditing fees paid to other parties in 2006 were EUR 51,017 (47,159 in 2006), and other fees 39,637 (8,339 in 2006).

Vaisala Group financial statements for 2007

	Q4 2007 (MEUR)	Q4 2006 (MEUR)	Change %	2007 (MEUR)	2006 (MEUR)	Change %
Net sales	71.9	75.9	-5.4	224.1	220.8	1.5
Operating profit	15.7	19.5	-20.9	35.3	38.6	-8.4
Profit before taxes	16.0	19.4	-17.2	37.0	38.2	-3.0
Net profit for the year	11.0	13.3	-17.4	25.8	26.6	-2.9
Orders received	53.7	65.1	-17.5	228.5	243.6	-6.2
Order book				82.3	77.6	
Earnings per share	0.60	0.73	-17.4	1.42	1.46	-3,1
Return on equity (%)				14.9	16.4	

Comments on the fourth quarter

Vaisala's net sales in the fourth quarter of 2007 were slightly below those of the comparison period in 2006 due to a number of deliveries being postponed to 2008. Profit was negatively affected by expenses relating to growth generation and efficiency improvement projects and the weakened U.S. dollar.

Outlook

Instability in the world economy and currency exchange rate changes are expected to continue to affect the result. Due to the structure of Vaisala's customer base, the company's market situation is expected to remain unchanged in 2008. The net sales and operating profit for 2008 are expected to remain at the same level or be slightly higher than in the preceding year. Large seasonal variations are typical of Vaisala's business, on account of which the first quarter will probably be weaker than subsequent ones, as in previous years. The market situation is expected to remain favorable, especially in Asia-Pacific.

Vaisala aims to be the global market leader in its selected business areas in the future, too. Therefore, inputs in the development of products and competitiveness will continue to be substantial in 2008.

President and CEO Kjell Forsén on Vaisala's result:

"Vaisala's net sales in 2007 fell slightly below the expectations stated in the beginning of the year, due to a number of deliveries being postponed to 2008. Deterioration in the exchange rates also had a negative impact on the growth of net sales. Had the currency exchange rates remained at the previous year's level,

the net sales would have increased by 5.8 percent instead of the recorded 1.5 percent. The profit was also affected by ongoing development projects supporting the corporate strategy and the weakening in exchange rates.

Our net sales increased particularly in Asia-Pacific, whereas sales in the USA were burdened by the weakening of the U.S. dollar. Net sales developed favorably in the Vaisala Instruments and Vaisala Solutions divisions, while the net sales and profit of Vaisala Measurement Systems were lower than expected.

A particularly positive achievement in 2007 was the launch of our weather radar and the signing of the first agreements on weather radar deliveries. We were able to work more efficiently, thanks to the outsourcing of radiosonde assembly in 2006, improvements in the efficiency of our procurements and utilization of common product platforms. Concentrating all of Vaisala's procurements, production and logistics into a single unit, Operations, will further boost our efficiency and generate economies of scale.

Many Group-wide changes were carried out in 2007. We defined a new strategy for Vaisala; one that focuses on the customer and targets growth. We seek growth both organically and through selective company acquisitions. We will develop especially the service and solutions business and transform the instrument business model from a product-based concept into a customer segment-based concept."

Market situation, net sales and order book

The Vaisala Group's net sales in 2007 developed most favorably in Asia-Pacific, increasing by 15.2 percent on the previous year to EUR 60.2 million (52.2). Net sales in Europe increased by 6.2 percent to EUR 80.7 million (76.0), while in Africa, South and Central America they fell by 26.1 percent to EUR 10.0 million (13.6). Exchange rates affected especially the North American net sales, which decreased by 7.4 percent and, after translation into euros, totaled EUR 73.2 million (79.0). Without the effect of exchange rates, North American net sales would have grown 1.3 percent.

The goal-oriented development work and maintenance of competitiveness has helped the company to retain its strong market shares.

The value of orders received fell by 6.2 percent from the comparison year and totaled EUR 228.5 million (EUR 243.6 million in 2006, EUR 196.5 million in 2005). The end-of-year order book stood at EUR 82.3 million (77.6), of which some EUR 18 million can be recognized as sales in 2009 or later.

The Vaisala Group's net sales increased by 1.5 percent on the comparison year and totaled EUR 224.1 million (EUR 220.8 million in 2006, EUR 197.9 million in 2005). Net sales of the Vaisala Instruments division were up by 7.2 percent and those of the Vaisala Solutions division by 12.5 percent, whereas net sales of the Vaisala Measurement Systems division fell by 11.6 percent. The deterioration of exchange rates had a negative impact on the growth of net sales. If the most significant currencies with respect to Vaisala had remained at the previous year's level, Vaisala's consolidated net sales would have been up by 5.8 percent. Operations outside Finland accounted for 96 percent (97%) of net sales.

Performance and balance sheet

Operating profit for the financial year was EUR 35.3 million (38.6), or 15.8 percent of net sales. The structure of financial reporting has been revised by no longer reporting the result of currency hedging activities from the beginning of 2007 under 'Other operating income and expenses', but under 'Financial income and expenses'. 'Exchange rate gains and losses' are also reported under the same heading. The

figures for the comparison year and the entire 2006 financial year have been adjusted to correspond with the current reporting structure.

Profit before taxes decreased from the comparison year by 3.0 percent to EUR 37.0 million (38.2), or 16.5 percent of net sales. Net profit for the financial year was EUR 25.8 million (26.6), down by 2.9 percent from the previous year.

The Vaisala Group's solvency ratio and liquidity remained strong. On December 31, 2007, the balance sheet total was EUR 225.6 million (EUR 219.2 million in 2006, EUR 196.9 in 2005). The Group's solvency ratio at the end of the financial year was 83 percent (81% in 2006, 81% in 2005).

Vaisala's consolidated liquid assets totaled EUR 99.2 million (EUR 87.3 million in 2006, EUR 81.4 million in 2005).

Research and development

Investment in research and development in the financial year totaled EUR 23.5 million (EUR 20.6 million in 2006, EUR 19.8 million in 2005), representing 10.5 percent of the Group's net sales. 21 percent (19/2006, 19/2005) of the Group's personnel worked in research and development. One result of the R&D activity is the weather radar, launched in autumn 2007. In addition, the company launched the upgraded AviMet aviation weather management system in February 2007. Development of common platforms for Vaisala's products was continued as well.

Capital expenditure

Gross capital expenditure totaled EUR 7.3 million (EUR 20.4 million in 2006, EUR 8.0 million in 2005).

Construction of a new enterprise resource planning (ERP) system for the entire organization commenced at the beginning of 2007. Once completed, the ERP system will replace a number of existing systems and will support Vaisala's growth strategy and business processes. The new system is intended to be introduced during the first half of 2009.

Vaisala Measurement Systems

Vaisala Measurement Systems' net sales to customers outside the Group fell below the expected level and decreased by 11.6 percent on the comparison year to EUR 82.5 million (93.2). Had the currency exchange rates remained at the previous year's level, the net sales would have been down by 7.4 percent. Operating profit dropped to EUR 12.7 million (19.8).

The total value of orders received decreased by 13.5 percent and was EUR 84.1 million (EUR 97.2 million in 2006, EUR 79.1 in 2005).

The drop in net sales was due to the decrease in sales of sounding equipment, wind profilers and weather radar signal processors. In the field, it is typical that the volume of sales changes notably from year to year. Thanks to the efficiency improvements in radiosonde production in 2006, cost savings of over EUR 2 million were achieved.

Vaisala received its first orders for weather radars during the year. The orders comprise five dual polarization radars featuring Sigmet's signal processors and application programs. The total value of these

orders, when completed in full, will be about EUR 4 million. If the deliveries take place as planned, the projects will be recognized as revenue during the first two quarters of 2008.

Vaisala entered into an agreement with the Meteorological Service Canada on upgrading the country's synoptic upper-air observation network. The estimated total value of the 10-year agreement is USD 27 million, and deliveries commenced in October 2007.

Vaisala outsourced some of the Measurement Systems' production and reorganized its North American research and product development operations. The financial effects of this outsourcing are estimated to improve the division's annual profit by some EUR 2 million beginning from the 2008 financial year. As part of these measures, Vaisala had to let 14 persons go in the USA. Due to this measure, an expense of EUR 0.3 million has been recognized in the 2007 financial statements.

Vaisala Instruments

The business of the Vaisala Instruments division exceeded expectations in 2007. The division's net sales to customers outside the Group increased by 9.5 percent on the comparison year to EUR 70.3 million (64.3). Had the currency exchange rates remained at the previous year's level, the increase in net sales would have been 15.3 percent.

Total net sales increased by 7.2 percent and were EUR 80.8 million (75.3).

The operating profit increased to EUR 19.9 million (19.5). Despite the weakening of the U.S. dollar and the Japanese yen, the operating profit remained at an excellent level.

The value of orders from external customers increased to some extent from the comparison year and was EUR 70.4 million (EUR 68.2 million in 2006, EUR 60.2 million in 2005).

The competitive situation has remained tight in all product market areas for industrial measurement devices.

Vaisala Solutions

Vaisala Solutions' net sales to customers outside the Group increased by 12.6 percent on the comparison year and totaled EUR 71.3 million (63.3). Due to expenses arising from development projects, the division's operating profit remained at the level of the previous year and was EUR 5.3 million (5.4). Had the currency exchange rates remained at the previous year's level, the net sales would have been up by 15.6 percent.

The total value of orders received decreased by 5.2 percent and was EUR 74.0 million (EUR 78.1 million in 2006, EUR 57.2 in 2005).

Demand for the comprehensive solutions offered by Vaisala Solutions remained at a good level throughout the year. As a result, net sales and the order book increased over the previous year, and the profit and profitability targets were reached.

Vaisala signed an agreement with a customer on deliveries of fixed-installation automatic weather stations for aviation weather observations. The agreement covers weather station deliveries and support services and includes an extension option until the end of 2012. The estimated value of the agreement exceeds USD 10 million.

Personnel

The average number of employees in the Vaisala Group during the financial year was 1,113 (1,069 in 2006, 1,062 in 2005). Some 39 percent of the personnel was based outside Finland (40% in 2006, 38% in 2005). About 21 percent of the personnel worked in research and development (19% in 2006, 19% in 2005).

Salaries paid by the company are based on local collective and individual agreements, personal performance and the demand level of each job. The base salaries are supplemented by results-based bonus systems, which cover all Vaisala personnel. The total sum of salaries paid in 2007 was EUR 57.2 million (57.3 million in 2006, 51.9 million in 2005).

Changes in Vaisala Corporation's management

The following appointments were made in Vaisala's management:

Matti Ervasti, born in 1955, M.Sc. (Chem.), was appointed Sales and Marketing Director as from May 15, 2007; Ari Meskanen, born in 1963, M.Sc. (Eng.), eMBA, was appointed Chief Technology Officer as from May 1, 2007; Scott Sternberg, born in 1964, M.Sc. (Phys.), was appointed Director of Vaisala Services as from June 1, 2007; Antti Ritvos, born in 1953, M.Sc. (Eng, Tech Physics), BA (Physics and Astronomy) was appointed Director of Vaisala Solutions as from November 15, 2007; Lauri Rintanen, born in 1955, M.Sc. (Eng.) was appointed Director of Operations as from November 1, 2007; Tapio Engström, born in 1963, M.Sc. (Accounting), was appointed Director of Business Development as from November 1, 2007; and Helena Marjaranta, born in 1963, M.A. (English philology, Communication and Organizational Psychology) was appointed Communications Director as from December 1, 2007.

All the above-mentioned persons are members of Vaisala's Corporate Management Group.

Risk management

Organization of risk management

Vaisala has a risk management policy that has been approved by the Board of Directors and that covers strategic, operating and financial risks relating to the company. Vaisala's Corporate Management Group regularly assesses risk management policies, and the scope, adequacy and focus areas of related practices. The policy aims at ensuring the safety of personnel and the company's operations and products and the continuity of operations. The policy also covers intellectual capital, corporate image and brand protection. An appropriate and up-to-date risk concept is integrated in decision-making.

Near-term risks and uncertainties

Vaisala regularly assesses risks and uncertainties relating to its business. To increase the transparency of its activities, Vaisala has further developed its reporting relating to risks. The effort is to describe risks and uncertainties in more detail.

The usual risks related to international business affect Vaisala's operating environment. The most significant of these are risks relating to changes in the global economy and hence in purchasing activities, currency exchange rates (with particular respect to the U.S. dollar), supply network management and production activities. Vaisala uses subcontractors. Significant changes in subcontractor relations, activities

or operating environment may have an impact on Vaisala's business. Vaisala monitors these risks and prepares for them in accordance with the company's risk management policy.

Group-level insurance programs and risk-management methods have been established to deal with manageable operating risks. The insurance programs cover risks relating to property damage, business interruption, different liabilities, transport and business travel.

The company is currently introducing some major organizational changes in support of its new strategy. Substantial efforts are also being carried out regarding the sales organization, research and development, and new enterprise resource planning system development. These efforts may constitute a short-term risk regarding Vaisala's net sales and result.

The net sales and operating profit estimates are based on the assumption that the order intake will remain at the current level and deliveries will be completed as planned.

Vaisala's share

As at the end of 2007, the company's Board of Directors had no valid authorizations for increasing the share capital or issuing convertible bonds or bonds with warrants.

On December 31, 2006, the average price of Vaisala's A share in the OMX Nordic Exchange Helsinki was EUR 33.07, and on December 31, 2007 the share price was EUR 35.60. The highest quotation during the financial year was EUR 41.99 and the lowest EUR 29.43.

A total of 5,595,292 Vaisala shares were traded in the stock exchange during the financial year.

Vaisala's main shareholders are listed on the company's website and in the Notes to the Financial Statements.

Treasury shares and parent company shares

At year's end, the company held a total of 9,150 Vaisala A shares, which represented 0.05 percent of the share capital and 0.01 percent of the votes. The consideration paid for these shares was EUR 251,898.31.

Board of Directors

Members of the Board

In accordance with Vaisala Corporation's Articles of Association, the company's Board of Directors comprises at least three (3) and at most six (6) members. According to current practice, the Board comprises six members. All Board members are appointed by a General Meeting of Shareholders. The Board elects a Chairman and a Vice Chairman from among its members.

Term of office of members of the Board

In deviation from recommendation no. 12 of the Corporate Governance Recommendation for Listed Companies, the term of office of members of the Board is not one year. Instead, the term of office is 3 years, as stipulated in the Articles of Association. The term of office begins after the General Meeting of Shareholders at which the member is elected, and ends at the close of the third Annual General Meeting that follows the member's election.

President and CEO

Vaisala's President and CEO is appointed by the Board. The President and CEO manages the company in accordance with the instructions and orders given by the Board, and informs the Board of the development of the company's business and financial situation. The President and CEO is also responsible for arranging the company's management.

Events relating to the permanent group of insiders

No loans were granted to any of the persons belonging to the permanent group of insiders, and no contingent liabilities were made on their behalf.

Proposals to the Annual General Meeting

The Board of Directors' proposal for the distribution of profit

According to the financial statements as per December 31, 2007, the parent company's distributable funds amount to EUR 130,992,510.76, of which the profit for the financial year is EUR 22,683,835.80.

The Board proposes to the Annual General Meeting that the distributable funds be used as follows:

- A dividend of EUR 0.85 per share be paid, totaling EUR 15,477,831.90
- To be retained in shareholders' equity EUR 115,514,678.86

Total EUR 130,992,510.76

No material changes have occurred in the company's financial situation since the end of the financial year. The company's liquidity remains good and, in the view of the Board, is not threatened by the proposed profit distribution.

The record date for dividend payment has been set at April 1, 2008, and it is proposed that the dividend be paid on April 8, 2008.

The terms of office of Board members Mikko Niinivaara and Raimo Voipio will end at the Annual General Meeting. Shareholders representing more than 10 percent of all the votes in the company have announced their intention to propose to Vaisala's Annual General Meeting, to be held on March 27, 2008, that the number of Board members will be six. The Board proposes that Mikko Niinivaara and Raimo Voipio be re-elected.

The Board proposes that PricewaterhouseCoopers Oy, Authorized Public Accountants, and Hannu Pellinen, APA, be re-elected as Vaisala's auditor.

The proposed persons and auditor have given their consent to their re-election.

Events after the financial year

Vaisala has entered into an agreement with a long-standing customer on the delivery of upper air observation products. The agreement is substantial in scope. The order has a value of EUR 8.3 million and comprises radiosondes and supplies. The deliveries will take place during 2008.

Vantaa, Finland, February 13, 2008

Vaisala Corporation
Board of Directors

Key figures

	1-12 2007	1-12 2006	10-12 2007	10-12 2006
Return on equity (%)	14.9 %	16.4 %		
Number of outstanding shares (1,000)	18,209	18,209	18,209	18,209
Number of shares (1,000), weighted average	18,209	18,168	18,209	18,209
Number of shares (1,000), issue-adjusted	18,209	18,174	18,209	18,209
Earnings/share (EUR)	1.42	1.46	0.60	0.73
Earnings/share (EUR), adjusted for dilution effect	1.42	1.46	0.60	0.73
Cash flow from operating activities/share (EUR)	1.98	1.96		
Equity/share (EUR)	9.68	9.32	9.68	9.32
Solvency ratio	83%	81%	83%	81%
Gross capital expenditure (EUR million)	7.3	20.4	2.2	1.8
Depreciation (EUR million)	8.2	10.8	2.1	2.2
Average personnel	1,113	1,069	1,107	1,069
Order book (EUR million)	82.3	77.6	82.3	77.6
Exposure from derivative contracts*)	14.3	11.9	14.3	11.9

CONSOLIDATED INCOME STATEMENT (IFRS, EUR million)

	1-12 2007	1-12 2006	Change %	10-12 2007	10-12 2006	Change %
Net sales	224.1	220.8	1.5	71.9	75.9	-5.4
Cost of production and procurement	-99.6	-100.1	-0.5	-32.6	-31.7	3.1
Gross profit	124.5	120.8	3.1	39.2	44.3	-11.5
Other operating income	0.0	0.1	-99.2	0.0	0.4	-100.0
Cost of sales and marketing	-46.2	-42.1	9.9	-12.7	-12.2	4.8
R&D costs	-23.5	-20.6	13.7	-6.6	-5.9	12.0
Other administrative costs	-19.5	-19.6	-0.6	-4.1	-6.8	-38.6
Other operating costs	0.0	0.0		0.0	0.0	-233.3
Operating profit	35.3	38.6	-8.4	15.7	19.8	-20.9
Financial income and expenses	1.6	-0.5	-459.5	0.4	-0.5	-172.3
Share of results of associated companies	0.0	0.0	20.0	0.0	0.0	-92.0

Profit before taxes	37.0	38.2	-3.0	16.0	19.4	-17.2
Income taxes	-11.2	-11.6	-3.3	-5.0	-6.1	-16.8
Profit after taxes	25.8	26.6	-2.9	11.0	13.3	-17.4
Attributable to equity holders of the parent	25.8	26.6	-2.9	11.0	13.3	-17.4

Taxes corresponding to the profit for the financial year have been accounted for as taxes.

Earnings per share for profit attributable to the equity holders of the parent:

Basic earnings per share (EUR)	1.42	1.46	-2.9	0.60	0.73	-17.4
Diluted earnings per share (EUR)	1.42	1.46	-2.9	0.60	0.73	-17.4

CONSOLIDATED BALANCE SHEET (EUR million)

	31.12.2007	31.12.2006	Change %
ASSETS			
Non-current assets			
Intangible assets	17.8	21.0	-15.1
Tangible assets	33.1	33.5	-1.0
Investments in associates	0.5	0.4	7.4
Other financial assets	0.0	0.2	-84.7
Long-term receivables	0.1	0.1	25.0
Deferred tax assets	4.7	5.2	-9.5
Current assets			
Inventories	16.1	17.6	-8.3
Trade and other receivables	53.4	53.9	-1.0
Accrued income tax receivables	0.5	0.0	2570.0
Financial assets recognized at fair value through profit or loss	42.6	41.2	3.3
Cash and cash equivalents	56.6	46.1	22.9
TOTAL ASSETS	225.6	219.2	2.9
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	7.7	7.7	0.0
Share issue	0.0	0.0	
Share premium reserve	16.6	16.6	0.0
Other funds/Legal reserve	0.1	0.1	28.4
Translation differences	-5.4	-1.6	137.1
Profit from previous years	131.8	120.7	7.9
Own shares	-0.3	-0.3	0.0
Profit for the financial year	25.8	26.6	-2.9

Total equity	176.3	169.8	3.9
Liabilities			
Retirement benefit obligations	0.3	0.3	-8.0
Interest-bearing liabilities	0.2	0.3	-29.3
Provisions	0.2	0.0	585.7
Deferred tax liabilities	0.4	0.4	5.8
Current liabilities			
Current portion of long-term borrowings	0.1	0.3	-80.4
Current interest-bearing liabilities	0.7	0.3	145.1
Advances received	12.0	9.6	24.6
Accrued income tax payables	2.5	2.6	-4.1
Trade and other payables	32.9	35.6	-7.6
TOTAL LIABILITIES	225.6	219.2	2.9

Statement of changes in shareholders' equity, December 31, 2007

	Share capital	Share issue	Share premium reserve	Reserve Fund	Own Shares	Translation differences	Retained earnings	Total equity
Shareholders' equity on January 1, 2007	7.7	0.0	16.6	0.1	-0.3	-1.6	147.3	169.8
Translation differences				0.0		-3.8		-3.8
Transfer between reserved funds and retained earnings				0.0			0.0	0.0
Net profit for the year							25.8	25.8
Dividend paid							-15.5	-15.5
Stock options exercised								0.0
Purchase of own shares								0.0
Conveyance of own shares								0.0
Shareholders' equity on December 31, 2007	7.7	0.0	16.6	0.1	-0.3	-5.4	157.6	176.3

	Share capital	Share issue	Share premium reserve	Reserve fund	Own Shares	Translation differences	Retained earnings	Total equity
Shareholders' equity on January 1,2006	7.4	5.4	5.3	0.1	0.0	1.9	134.1	154.3
Translation differences				0.0		-3.5		-3.5
Net profit for the year							26.6	26.6
Dividend paid							-13.4	-13.4
Stock options exercised	0.2	-5.4	11.3					6.1
Purchase of own shares					-1.0			-1.0
Conveyance of own shares					0.7			0.7
Shareholders' equity on December 31,2006	7.7	0.0	16.6	0.1	-0.3	-1.6	147.3	169.8

Consolidated cash flow statement
(EUR million)

	1-12 2007	1-12 2006	Change %
Cash flows from operating activities			
Cash receipts from customers	228.2	220.3	3.6
Other income from business operations	0.0	0.0	-206.8
Cash paid to suppliers and employees	-184.0	-173.7	5.9
Interest received	3.4	2.2	52.0
Interest paid	-0.4	-0.1	243.4
Other financial items, net	-0.4	-3.3	-88.2
Dividend received from business operations	0.0	0.0	0.0
Direct tax paid	-10.8	-9.7	10.9
Cash flow from business operations (A)	36.0	35.7	0.9
Cash flow from investing activities			
Investments in tangible and intangible assets	-7.4	-7.2	3.1
Acquisition of subsidiary, net of cash acquired	0.0	-15.7	-100.0
Proceeds from sale of tangible and intangible assets	0.0	0.1	-97.9
Loans granted	0.0	0.0	
Repayments on loan receivables	0.0	0.0	25.0
Other investments	0.0	-0.1	-169.1

Cash flow from investing activities (B)	-7.4	-22.9	-67.8
Cash flow from financing activities			
Equity issue	0.0	6.1	-100.0
Repayment of short-term loans	0.0	0.0	
Withdrawal of long-term loans	0.0	0.0	
Repayment of long-term loans	-0.2	-0.5	-48.0
Dividends paid and other distribution of profit	-15.5	-13.4	15.2
Cash flow from financing activities (C)	-15.7	-7.8	101.2
Change in liquid funds (A + B + C) increase (+) / decrease (-)	12.9	5.0	158.2
Liquid funds at beginning of period	87.3	81.4	7.3
Foreign exchange effect on cash	-1.0	0.9	-214.3
Net increase in cash and cash equivalents	12.9	5.0	158.2
Liquid funds at end of period	99.2	87.3	13.7

Segment information

Business segments

	Vaisala Measure ment Systems	Vaisala Instru- ments	Vaisala Solut- ions	Other operat ions	Elimi- nations	Group
1-12/2007 EUR million						
Net sales to external customers	82.5	70.3	71.3	0.0	0.0	224.1
Intragroup sales	0.0	10.4	0.4	0.0	-10.9	0.0
Net sales	82.5	80.8	71.7	0.0	-10.9	224.1
Operating profit	12.7	19.9	5.3	-2.6	0.0	35.3
Depreciation	2.6	1.8	0.5	3.3	0.0	8.2
Restructuring costs	0.0	0.0	0.0	0.0	0.0	0.0

Segment information

Business segments

	Vaisala Measure- ment Systems	Vaisala Instru- ments	Vaisala Solut- ions	Other operat- ions	Elimi- nations	Group
1-12/2006 EUR million						
Net sales to external customers	93.2	64.3	63.3	0.0	0.0	220.8
Intragroup sales	0.0	11.1	0.4	0.0	-11.5	0.0
Net sales	93.2	75.3	63.7	0.0	-11.5	220.8

Operating profit	19.8	19.5	5.4	-6.1	0.0	38.6
Depreciation	4.8	1.9	0.7	3.4	0.0	10.8

Segment information
Business segments

	Vaisala Measure ment Systems	Vaisala Instru- ments	Vaisala Solut- ions	Other operat- ions	Elimi- nations	Group
10-12/2007 EUR million						
Net sales to external customers	23.5	18.7	29.7	0.0	0.0	71.8
Intragroup sales	0.0	4.0	0.1	0.0	-4.1	0.0
Net sales	23.5	22.7	29.8	0.0	-4.1	71.8
Operating profit	3.2	5.0	6.4	1.1	0.0	15.7
Depreciation	0.6	0.5	0.1	0.9	0.0	2.1
Restructuring costs	0.0	0.0	0.0	0.0	0.0	0.0

Segment information
Business segments

	Vaisala Measure ment Systems	Vaisala Instru- ments	Vaisala Solut- ions	Other operat- ions	Elimi- nations	Group
10-12/2006 EUR million						
Net sales to external customers	33.8	17.1	25.1	0.0	0.0	75.9
Intragroup sales	0.0	4.0	0.1	0.0	-4.1	0.0
Net sales	33.8	21.1	25.2	0.0	-4.1	75.9
Operating profit	11.3	5.0	6.0	-2.8	0.0	19.5
Depreciation	0.7	0.5	0.2	0.9	0.0	2.2
Restructuring costs	0.0	0.0	0.0	0.0	0.0	0.0

CALCULATION OF FINANCIAL RATIOS

Solvency ratio(%)	=	Shareholders' equity plus minority interest ----- Balance sheet total less advance payments	x 100
Earnings/share (EPS)	=	Profit before taxes less taxes, +/- minority interest ----- Average number of outstanding shares, issue-adjusted	
Cash flow from business operations/share	=	Cash flows from business operations ----- Number of outstanding shares at balance sheet date	
Equity/share	=	Shareholders' equity ----- Number of outstanding shares at balance sheet date, issue-adjusted	
Dividend/share	=	Dividend ----- Number of outstanding shares at balance sheet date, issue-adjusted	

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